Brighton & Hove City Employment and Skills Plan

2007/08 - 2010/11

A coherent, coordinated, and long term approach to employment and skills in Brighton & Hove

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Foreword

The City Employment and Skills Service has as its mission the creation of a coherent and coordinated approach to employment and skills which will benefit the residents of Brighton and Hove and strengthen the city's economy.

We are proud of our achievements so far in bringing together key strategic partners from across Brighton & Hove to produce the first Employment and Skills Plan for the City. These same partners will have a vital role to play in achieving the goals set out in the Plan. We have listened to, and taken account of, a wide range of contributions from community organisations, businesses and public sector bodies in setting our priorities.

The Employment and Skills Plan sets out a series of ambitious targets based on four strategic priorities:

1. *Supporting the creation, retention and development of local business and enterprise;*
2. *Increasing the employment rate in the city;*
3. *Developing and improving skills for work;*
4. *Developing the infrastructure and intelligence to support the delivery of the actions in the CESP.*

We believe that the City Employment and Skills Plan is a significant step forward in what is a long-term programme. It puts in place immediate goals, and points the way forward to a longer-term strategy for the City.

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- ***Strategic Priority 2:*** *Increase the Employment Rate in the City.*
- ***Strategic Priority 3:*** *Develop and Improve Skills for Work.*
- ***Strategic Priority 4:*** *Develop the Infrastructure and Intelligence to Support the Delivery of the Actions in the CESP.*

- **Increasing the Employment Rate**

The aim to increase the employment rate by 1% over the next three years is more ambitious than it sounds. This may mean finding work for around 5,600 more people – around 3,900 to keep the employment rate at the same level and an additional 1,700 workless people to be brought into employment over the period.

Considering there has only been a reduction of 1,400 working age benefit claimants in the city over the past seven years, this will require a step change in efforts to extend employment to welfare benefit claimants in the city, with the CESP agencies making a contribution as employers to achieve this.

There has been a significant increase in the number of both employees in employment and residents in work in the city over the past decade. This buoyant labour market has not resulted in a notable increase in the employment rate or a substantial reduction in the number of working age benefit claimants.

- **Working Age Population Growth**

Local trends in the age profile of the resident population do not reflect those in Britain or the South East. Whilst nationally and regionally the population has become older, in Brighton & Hove it has become younger. Post working age and older working age residents have moved out of the city to outlying areas, and have been replaced by younger residents (including students) who have moved into the city from other parts of the country and from overseas.

This has resulted in a significant increase in the working age population and the number of new jobs in the city has struggled to keep up with this. Latest trend based projections suggest that the working age population could increase by a further 12,000 over the next ten years. If this happens, 8,000 additional Brighton & Hove residents will need work just to maintain the current employment rate of 75.6%. If the city is to get close to reaching the national aspiration of an 80% employment rate target, around 16,000 residents will need work – around one in six of the target for the whole South East Region. Whilst many of these residents may find work outside Brighton & Hove, this still represents a significant job creation challenge for the city.

Given that the number of working age welfare benefit claimants has fallen by an average of only 200 per year over the past seven years, those who are at risk of labour market disadvantage may continue to find that there is stiff competition for jobs in the city in the foreseeable future.

The city has £2 bn of proposed major developments and these could provide a significant number of jobs if they are successfully delivered. However, the scale of job creation is likely to require the city to work closely with its neighbours to ensure that there is a rich supply of suitable jobs that reflects the skills of the population. This may mean developing particularly close links with the Gatwick Diamond area, where the number of jobs is forecast to outstrip the supply of workers.

- **More Higher Value Added Jobs**

It is not just the supply of jobs that matters; the mix of jobs also needs to be considered. Overall, the city has a highly qualified resident population and a below average proportion of residents with no or low level qualifications. Despite this, average earnings and Gross Value Added (GVA) per head continue to be well below the regional average. Although from a data classification perspective, the city has a high proportion of people working in higher level occupations, many of these jobs may be in lower value added sectors, whilst some of the city's employment growth has been in fairly low paid, insecure, part-time work.

The city's economy is heavily biased towards service sector employment that requires people with strong interpersonal skills. It does not have much of a warehouse or manufacturing sector. Many of its lower level jobs are in bars, restaurants, shops and cafes. Anecdotal evidence suggests that many of these jobs are filled by highly qualified people who are under-employed, making it difficult for people with lower level skills to compete for entry and intermediate level jobs. This appears to be supported by non-UK National Insurance registration data, which suggests that the city has absorbed significant numbers of non-UK nationals over the past two years, either on a short or long term basis.

Overall, the city's labour market operates quite equitably. Although average earnings tend to be low, this is mainly because higher earners who work in the city are not employed in particularly well-paying occupations, rather than because lower earners are especially poorly paid. Brighton & Hove lacks a significant science or business park and does not have high levels of employment in higher value added businesses or in head office functions.

On the basis of its qualifications profile, it is possible that the city is not making effective use of the skills of its existing resident population and may not be effectively channelling the expertise in its two universities to support business development, innovation and growth.

- **Supporting More People Back into Work**

In addition to creating more higher value-added employment, the city also needs to improve the skills of residents who are at risk of labour market disadvantage. There are an estimated 19,700 residents who are not in work, but who would like a job. This does not mean that all these people are suffering labour market disadvantage. This group includes students, people looking after a family, lone parents, carers and people on Incapacity Benefit. Incapacity Benefit claimants now account for more than half the city's working age welfare benefit claimants.

Despite quite heavy investment in social welfare programmes to support employment and skills in the most deprived parts of the city, there are only 1,405 fewer working age welfare benefit claimants than there were seven years ago (24,985 working age welfare benefit claimants, compared with 26,390 in 2000). The number of people on Incapacity Benefit has actually increased over the period and a higher proportion of working age welfare benefit claimants now live in the city's two most deprived wards (East Brighton and Moulsecoomb & Bevendean) than was the case in 2000.

This cannot easily be attributed to a lack of local job opportunities. Although job density is lower than the city average in Moulsecoomb & Bevendean, it is significantly lower in North Portslade, Woodingdean and Hanover and Elm Grove, all of which have a below average rate of working age benefit claimants.

Social welfare models of intervention currently support a multi-agency, intensive, sustained, personalised and community outreach-based approach to tackling worklessness because it is recognised that many people suffer multiple labour market disadvantages. However, evidence of the past seven years suggests that there may need to be some caution about the impact that such interventions can have on headline indicators, when compared with policy decisions that are made at national level.

It should also be acknowledged that whilst targeted, small-area approaches to tackling worklessness and developing skills appear to be appropriate, there needs to be a clear understanding that in terms of actual numbers (rather than percentages), more working age welfare benefit claimants live outside the most deprived wards than within them.

- **Understanding and Addressing NEETs**

The number of young people Not in Education, Employment or Training (NEET) has remained at around 650 for the past two years (just above 10%). With NEET figures, in particular, it is difficult to gauge the extent of the problem, because a large proportion of these are reported to be 'in transition' and, may not, therefore, be at risk of disadvantage.

Further analysis of the relationship between other socio-economic indicators (such as unemployment rates) and NEET rates could help to identify the extent to which Brighton & Hove has a specific NEET problem. It appears that areas that have high employment rates and strong economies are more likely to have lower NEETs rates. This may suggest that job creation may have as influential a role in reducing NEETs as the design of personalised support packages for young people.

Summary of Key Issues

Brighton & Hove's most pressing issue may be that it needs to create sufficient jobs to support its growing working age population and to ensure that a good proportion of these jobs are high value-added so that its highly qualified resident population is better deployed in more productive activities.

The city's workforce is not especially low skilled, its businesses are not especially small and it does not currently have an ageing population. The city needs to find the right balance between approaches that are designed to strengthen the city's economic base, increase the supply of jobs, improve business performance and productivity, and social welfare interventions that are designed to tackle worklessness, inequality and disadvantage.

A focus on job creation without an understanding of local circumstances could result in the benefits of economic growth and improved productivity by-passing lower skilled and disadvantaged local residents. Conversely, social welfare interventions must be undertaken with an understanding of wider strategic issues, such as working age population growth and economic underperformance.

- **Improving Intelligence**

Actions to support employment and skills in the city need to be based on the intelligent interpretation of data, not assumed knowledge, so that they are appropriate, relevant and proportionate. This minimises waste and unnecessary spending, allows a more co-ordinated approach with less duplication, and develops capacity amongst organisations that may see employment and skills from different perspectives.

Whilst Brighton & Hove City Council, Jobcentre Plus, Learning and Skills Council Sussex and Business Link Sussex all have central roles in addressing the employment and skills needs of the city, the voluntary and community sector and business representatives, such as the Economic Partnership and the Business Forum, may sometimes be better placed to communicate effectively with disadvantaged residents and local businesses respectively.

- **Co-ordinating Approaches**

The CESP provides an opportunity for the main public sector agencies to develop joint approaches to tackling employment and skills issues in a co-ordinated way, based on a sound socio-economic assessment of need. It also provides these public bodies with the opportunity to show practical leadership by providing a comprehensive programme of work experience, job placement and training within their own organisations.

The partners involved in the development of the CESP have identified the following priorities and objectives that can be taken forward in the first phase of the CESP period:

Strategic Priority 1:

Support the Creation, Retention and Development of Local Business and Enterprise

- ***Strategic Objective 1a:***
  Ensure that there is sufficient and appropriate employment space to support the creation of new jobs.
- ***Strategic Objective 1b:***
  Increase the level of entrepreneurship and business performance.

Strategic Priority 2

Increase the Employment Rate in the City

- ***Strategic Objective 2a:***
  Increase the number of jobs in the city that can be accessed by priority groups.
- ***Strategic Objective 2b:***
  Increase the number of people with labour market disadvantage accessing and remaining in sustainable employment.
- ***Strategic Objective 2c:***
  Develop partnerships with employers to promote diversity in the workplace and to respond to their recruitment and retention needs.

Strategic Priority 3:

Develop and Improve Skills for Work

- ***Strategic Objective 3a:***
  Improve the skills and employability of young people.
- ***Strategic Objective 3b:***
  Improve the skills of the city's workforce.
- ***Strategic Objective 3c:***
  Improve the skills of disadvantaged adult residents in the city.

Strategic Priority 4:

Develop the Infrastructure and Intelligence to Support the Delivery of the Actions in the CESP

- ***Strategic Objective 4a:***
  Develop and sustain effective arrangements between partners.
- ***Strategic Objective 4b:***
  Improve intelligence, data-sharing and a common understanding of city employment and skills needs.

Each of these objectives contains a series of actions to support the achievement of the objectives. The City Employment and Skills Steering Group will have the lead role in ensuring that the actions, objectives and priorities are updated so that they adapt to the changing employment and skills needs of the city during the life time of the plan.

1.0 Background and Rationale

1.1 The Aims of the CESP

The City Employment and Skills Plan (CESP) and draft Action Plan (Annex 1) brings together the aims, objectives and activities of each of the main agencies concerned with creating a healthy labour market in Brighton & Hove into a single, three year plan covering the period 2007/8-2010/11.

There are many agencies involved with commissioning and delivering employment and skills training and support to people and to businesses in Brighton & Hove (see Annex 2).

Many of these organisations have been represented on the CESP Working Group or the CESP Steering Group and have contributed to the design of the plan and the setting of the priorities, objectives, actions and targets contained within it.

This plan has been developed to:

- *Ensure that there is a co-ordinated approach between agencies involved in commissioning and delivering employment and skills training and supporting job creation and business growth;*
- *Ensure that the key challenges in creating a workforce with the relevant levels and range of skills are identified, monitored and reviewed;*
- *Agree measurable strategic indicators that provide a focus for actions relating to skills and employment between 2007/8 and 2010/11;*
- *Provide a strategic framework for encouraging employment, skills and enterprise activity in the city;*
- *Ensure that activities designed to improve employment, skills and job creation complement wider local, sub-regional, regional, national European priorities and objectives;*
- *Ensure that the priorities, objectives and actions are based on sound and regularly reviewed data evidence of need.*

Partners listed in Annex 3 have developed objectives and actions under the following four strategic priorities:

- ***Strategic Priority 1:*** *Support the Creation, Retention and Development of Local Businesses and Enterprise.*
- ***Strategic Priority 2:*** *Increase the Employment Rate in the City.*
- ***Strategic Priority 3:*** *Develop and Improve Skills for Work.*
- ***Strategic Priority 4:*** *Improve the Infrastructure and Intelligence to Support the Delivery of the actions in the CESP.*

It is recognised that many of the aims, objectives and actions are contained within existing complementary strategies and plans and have already been consulted on and agreed by different agencies (See Annex 2).

Whilst the focus of the plan is concerned with creating a healthy labour market and improving the employability of residents in Brighton & Hove, the CESP acknowledges that employment and skills issues cannot be addressed solely within the city's boundaries.

According to the 2001 Census, 33,000 people who live in the city work outside it, whilst 28,000 of the city's workers are not local residents. Local economic challenges will require multi-area approaches so that services are designed and delivered efficiently and effectively at the right spatial level.

Economic and social policies at European, national and regional level also influence the city's labour market. These include tax and benefit arrangements and the regulatory framework of the labour market. This plan focuses on what can be achieved locally within this framework and supports the national and international aim of using employment as a means of reducing poverty and raising productivity. However, it should be recognised that local interventions alone may only have a fairly modest impact on headline economic targets or indicators in the city.

A healthy labour market is not just about placing people into jobs. It is also about ensuring that people are encouraged to develop their skills once they are in employment in order to maintain their employability and to progress within a changing labour market.

The Brighton & Hove CESP acknowledges that people need different support at different times, depending on their relationship with the labour market. Figure 1.1, overleaf, shows the principles that underpin the CESP.

Those who are **furthest away from the labour market** often face significant multiple disadvantages which need to be overcome before they can take local employment opportunities. Support for these people needs to be broad in its approach and is likely to include activities that develop life-skills, such as confidence-building, time management and improved organisational skills. The voluntary and community sector, in particular, is likely to be well placed to engage with those who are furthest away from the labour market.

Those who have life skills, but are not in employment are **work ready**. This group may have been out of work for a short period, they may have developed skills outside the labour market that can be readily transferred to employment or they may be young people who are entering the labour market for the first time. These people may need more specific job-related training, and information, advice and guidance to help them find suitable employment.

New entrants to employment are often in low skilled occupations and can be most at risk of becoming unemployed. These people need to be supported through the first stages of employment so that they can maintain a strong attachment to the labour market.

As people's relationship with the labour market becomes more established, interventions need to support people in work to help them progress to take on more responsibility. It is this that provides labour market fluidity and frees up entry level jobs to people looking for entry level employment. The city also needs to support the development of leadership and management skills at the higher end of the labour market.

Employment and training is not just about the supply of labour. The city's agencies need to work closely with **local employers** to provide appropriate advice, so that they are able to recruit and develop people with the right skills to help develop their businesses and, ultimately the Brighton & Hove economy.

In addition to this, the city needs to be effective in **creating jobs** to reflect its working age population profile by making best use of its employment land space, providing support to businesses to grow and by attracting appropriate inward investment that delivers high quality jobs to the city's economy. The city will need to effectively link the two universities to its local businesses to help to broaden the economic base, improve innovation and to develop higher value added employment opportunities.

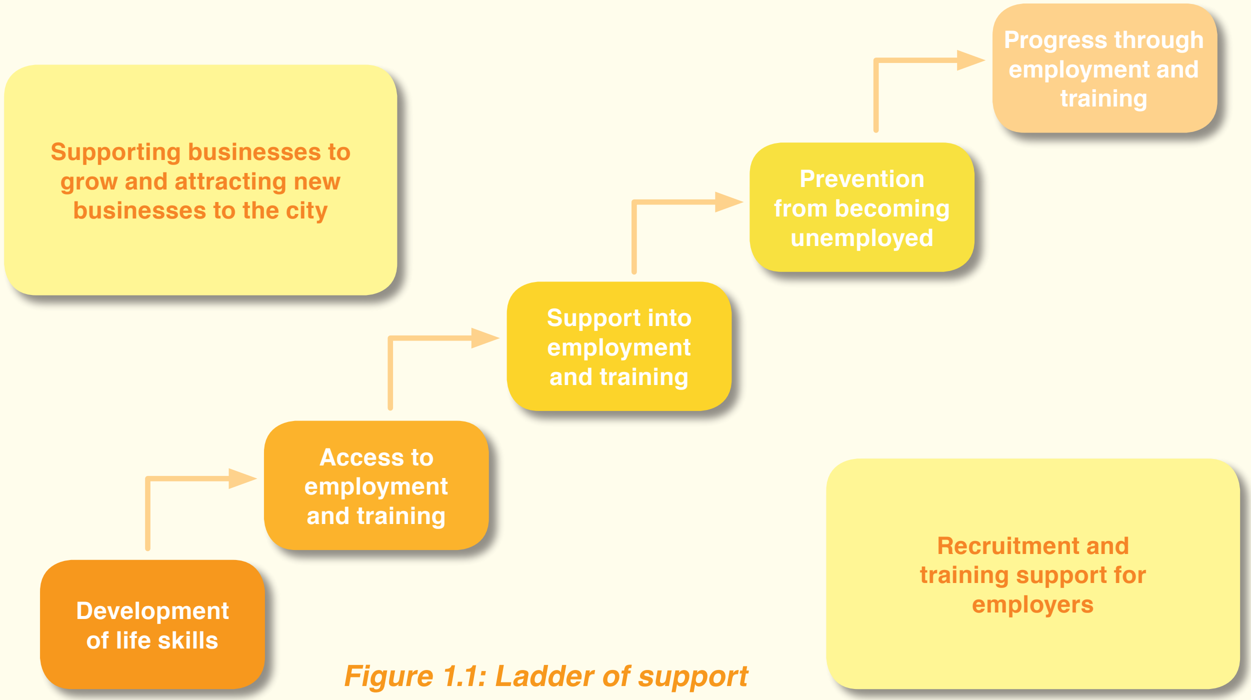


Figure 1.1: Ladder of support

1.2 The Development of the CESP

The CESP has been developed between August 2006 and September 2007. The process has involved the following main stages:

- ***Stage 1:*** *A review of existing strategies and plans that relate to employment and skills in Brighton & Hove.*
- ***Stage 2:*** *A consultation exercise involving interviews and workshops with stakeholders from the business community, public sector agencies and the voluntary and community sector. In addition, the research undertaken by the University of Sussex and the University of Brighton in conjunction with Equal Brighton & Hove's Action 3 activities and Action 2 partners has provided much information.*
- ***Stage 3:*** *An analysis of datasets relating to employment and skills within the city.*

In addition to this, updates on the development of the CESP have been provided to members of the Brighton & Hove Public Service Board (PSB), the Brighton & Hove Local Strategic Partnership (LSP), the Economic Development and Enterprise Board (EDE Board) and the Brighton & Hove Economic Partnership (BHEP).

A stakeholder workshop was held on 8 October 2007, which helped to prioritise the actions to be taken forward in the plan in its first year.

The development of the CESP has been directed by the City Employment and Skills Steering Group (CESSG), chaired by the Director of the Children and Young People's Trust.

This group has been supported by the City Employment and Skills Plan Working Group, the City Employment and Skills Plan Co-ordinator and Equal Brighton & Hove.

It is anticipated that membership of the CESSG will be reviewed so that it fully reflects the strategic employment and skills priorities of the city and that the current actions will be reviewed and revised during the next round of partner agencies' annual planning cycle.

2.0 City Employment & Skills Plan in Context

The development of the CESP sits within a wider policy agenda that promotes the development of skills and employment as a means for delivering greater social equity and economic prosperity.

This Section considers the international, national, regional, sub-regional and local policy drivers that relate to employment and skills.

• 2.1 The International Dimension

In December 2004, the **International Labour Organisation (ILO)** produced its *World Employment Report*[1]. In this report, the ILO observed that rising economic interdependence had not been uniformly beneficial. This led the ILO to recommend two main policy recommendations for the world community, which should be underpinned by a focus on improving productivity. These are:

- *To make employment a central objective of macro-economic and social policies;*
- *To reduce poverty, focusing on the "fundamental role" that employment plays in this.*

In June 2006, OECD Ministers agreed the following four pillars that would underpin the **Jobs Strategy**[2]:

1) Setting appropriate macro-economic policy;

2) Reforming tax and benefit systems to remove impediments to labour market participation and to improve job-search;

3) Adapting labour and product market regulations to changing demand requirements, whilst also addressing the risk of increased labour market dualism and social exclusion;

4) Facilitating the development of labour market skills and competencies.

The policy messages included developing effective welfare-to-work strategies to remove impediments to the labour market for the one third of working age people in G8 countries who are economically inactive.

The OECD Jobs Strategy stresses the role that lifelong learning has in supporting high economic growth, reducing poverty and tackling inequality. Well designed systems of skills, career guidance, information and performance monitoring can support the development of the training and skills market.

[1] World Employment Report 2004-05: Employment, Productivity and Poverty Reduction: International Labour Organisation (ILO) December 2004: www.ilo.org/public/english/employment/strat/wer2004.htm.

[2] Boosting Jobs and Incomes – Policy Lessons from Re-Assessing the OECD Jobs Strategy (OECD) 2006: http://www.oecd.org/dataoecd/47/53/36889821.pdf.

2.2 The European Dimension

Employment strategy in Europe is driven by the 2000 Lisbon Agenda, in which European Union (EU) leaders stated that their aim was to make the EU the "most dynamic and competitive knowledge based economy in the world". This includes achieving an average of 3% annual economic growth and creating 20 million jobs by 2010.

The Lisbon Strategy was re-launched in June 2005 after it became clear that the headline targets would not be met. It now has a central aim "to deliver stronger, lasting growth and create more and better jobs in the context of sustainable development".

The Lisbon Strategy has three strategic goals:

- *Knowledge and innovation for growth;*
- *Making Europe a more attractive place to invest and work;*
- *Creating more and better jobs.*

The re-launch enabled national governments to identify their own priorities and led to the **Lisbon Strategy for Jobs and Growth: UK National Reform Programme**[3], which was published by the Treasury in October 2005 and updated in October 2006.

2.3 The National Dimension

The UK National Reform Programme identifies three main priorities to support the Lisbon Agenda. These are:

- *Developing macro-economic policies to support jobs and growth;*
- *Promoting productivity growth;*
- *Increasing employment opportunities for all.*

Included within these are aims to:

- **Tackle regulatory burdens on business;**
- **Support enterprise;**
- **Raise the skills of the workforce, including:**
  - *Increasing participation of 17 year olds in education to 90% by 2015;*
  - *Increasing participation of 18-30 year olds in Higher Education to 50% by 2010;*
  - *Ensuring that 2.25 million adults improve their basic skills;*
  - *Reducing the proportion of adults in the workforce without a Level 2 qualification by 40%;*
  - *Establishing a nationwide network of 25 sector skills councils;*
  - *Working towards the aspiration of an employment rate of 80%;*
  - *Helping to move people on Incapacity Benefit into the labour market through the extension of the Pathways to Work programme;*
  - *Improving the supply of affordable childcare by increasing the number of Sure Start Children's Centres to 3,500 by 2010.*

Alongside the National Reform Programme, the Government commissioned the Leitch Review of the UK's longer term skills needs. ***Prosperity for All in the Global Economy – World Class Skills***[4] was published in December 2006. Leitch focused on adult skills because 70% of the 2020 working age population have already left full-time education.

[3] Lisbon Strategy for Jobs and Growth: UK National Reform Programme. HM Treasury http://www.hm-treasury.gov.uk./documents/international_issues/european_economic_reform/int_lisbonstrategy_jobs.cfm.

[4] Prosperity for All in the Global Economy – World Class Skills. HM Treasury 2006 http://www.hm-treasury.gov.uk/independent_reviews/leitch_review/review_leitch_index.cfm.

Leitch recommends that the UK should commit to become a world leader in skills by 2020. This means achieving the following objectives by that date:

- *95% of adults to achieve the basic skills of literacy and numeracy;*
- *Over 90% of adults with Level 2 qualifications;*
- *Shifting the balance of intermediate skills from Level 2 to Level 3, by ensuring that a further 1.9 million achieve a Level 3 qualification;*
- *Over 40% of adults qualified to Level 4 & above.*

Leitch reported that the learning system should be increasingly demand-led and that employers should have a stronger voice in developing the UK's skills base. This should include the expansion of the **Train to Gain** service, which provides employers with an impartial skills brokerage service; and the introduction of **Skills Accounts for Adults**. Leitch also recommended establishing a UK Commission on Employment and Skills that would advise the Government on the UK's future skills needs, establishing a universal careers service for adults and increasing the opportunities for young people aged 19-25 years with more Advanced Apprenticeships.

Aligned to this the Government launched a **Skills Pledge**[5] scheme to encourage employers to commit to supporting their lower skilled employees to gain Level 2 qualifications.

Alongside the development of skills, the Government has adopted an active labour market approach to employment since 1997 in order to encourage more people back into work.

In December 2006, the Department for Work and Pensions (DWP) commissioned David Freud to undertake a review of welfare to work.

[5] http://www.traintogain.gov.uk/skillspledge.

Reducing Dependency, Increasing Opportunity: Options for the Future of Welfare to Work[6] was published in 2007. Freud concluded that there was a need to focus its resources more closely on helping the least advantaged into the labour market if the aim of an 80% employment rate is to be achieved.

Around one fifth of adults who are currently economically inactive would need to be in employment if the 80% target is to be reached. According to Freud, this would require providing intensive, individualised support for those who have been out of work for a long period, the delivery of which should be contracted to the private and voluntary sectors at a regional level and be long-term and outcome-based.

Freud suggests that whilst the costs associated with individualised support are high, the savings to the Treasury would also be considerable (up to £9,000 for an Incapacity Benefit claimant entering employment for a year and £8,100 for a Jobseekers Allowance claimant).

The Review suggests strengthening the responsibilities of those on benefit to seek work and increasing the conditionality of benefit receipt. This should focus particularly on lone parents, where employment rates are low and conditions of receipt of benefit less stringent than in many other OECD countries.

[6] Reducing Dependency, Increasing Opportunity: Options for the Future of Welfare to Work. (David Freud) Department for Work and Pensions http://dwp.gov.uk/publications/dwp/2007/welfarereview.pdf.

• 2.4 The Regional Dimension

Overall, the South East Region is a strongly performing part of the UK. GVA per head, employment rates and economic activity are all higher than the national average and the skills of the workforce are also relatively strong compared with many other regions in the UK and Europe. However, this hides lower economic activity rates and employment rates in the coastal areas of the Region, including Brighton & Hove.

A quarter of a million economically inactive residents want to work and employment rates amongst women, people from minority ethnic backgrounds and people with disabilities are below the regional average for all workers.

In its **Regional Economic Strategy 2006-2016 (RES)**, the South East of England Regional Development Agency (SEEDA) states that it aims for the South East to become a World Class Region, which responds to the global challenge through innovation, technology and creativity by tackling skills deficits and economic polarisation.

The **RES 2006-2016** aims to:

- *Achieve average annual increase in Gross Value Added per capita of at least 3%;*
- *Increase productivity per worker by an average of 2.4% annually, from £39,000 in 2005 to £50,000 by 2016;*
- *Reduce the rate of increase in the Region's ecological footprint from 6.3 global hectares per capita in 2003 and seek to reduce it by 2016.*

Underpinning these objectives and targets are eight transformational actions, including:

- ***The Skills Escalator (Action 3)** – based on the model developed within the NHS, to ensure that people at all skill levels are continually equipped to enter and progress in the labour market.*
- ***Raising Economic Activity Rates (Action 5)** - including addressing a wide range of barriers to employment and increasing incentives to work for different groups of people with labour market disadvantages.*
- ***Education-led regeneration** – including making better use of new Further and Higher Education facilities and raising the proportion of the working age population holding a degree or equivalent from 27% to 40% by 2016.*

Section 6 of the **RES** focuses on the actions needed to develop **skills** in the Region, including making education and training providers more responsive to business needs, increasing the percentage of the working age population with qualifications at Level 2 or higher to 80% and the percentage with qualifications at Level 4 or higher to at least 40% and ensuring that young people have access to relevant vocational learning opportunities.

Section 10 of the Regional Economic Strategy focuses on **employment.** SEEDA aims to increase economic activity within the South East Region from 82% to 85% by bringing 110,000 additional people into work by 2016.

2.5 The Sub-Regional Dimension

Economically, the Coastal South East Region is a weaker performing part of the regional economy. Productivity rates, economic activity rates, employment rates, skills levels, business start-up rates are generally lower than the regional average. There is a relatively high dependence on public sector employment, a low proportion of knowledge intensive businesses and a demographic profile that means that a relatively low proportion of residents are of working age. Brighton & Hove is a notable exception to this profile, however.

SEEDA identifies nine priorities to support economic growth for the Coastal South East sub-region. Those that relate to employment and skills include ensuring that there is sufficient employment land; raising educational attainment and improving access to workplace learning.

In designing and delivering the strategy, SEEDA has identified eight growth areas called *Diamonds for Investment and Growth*, which are based on urban areas that can be catalysts to stimulate prosperity across wider areas. Brighton & Hove has been identified as one of these diamonds because of its capacity to deliver sustainable economic growth to the city. The eight growth areas have identified three common aims that are essential to ensure the Region's success:

- *Sustainable prosperity;*
- *Social justice; and*
- *Improved infrastructure.*

They have also identified ten policy and learning groups, where intelligence can be shared and joint actions developed. Brighton & Hove is leading on the "benefiting from cultural and creative industries" policy and learning group.

2.6 The Local Dimension

The **Brighton & Hove Sustainable Community Strategy - Creating a City of Opportunities**, sets the overall vision, priorities and actions for Brighton & Hove to 2020. It is underpinned by the Local Area Agreement (LAA) that provides the detailed priorities and actions to support this vision. The LAA is currently being refreshed and will include the city's 35 key local priorities.

The Sustainable Community Strategy identifies a number of key priorities and actions relating to employment and skills and these, along with the more specific economic and learning strategies have been used to inform the development of the priorities, objectives and actions in the CESP.

The economic and enterprise priorities for the Local Area Agreement are currently being reviewed, whilst Brighton & Hove City Council has recently commissioned a Review of Inequality in the city, which will provide further recommended interventions to address employment and skills issues in Brighton & Hove.

3.0 The Socio-Economic Context

This Section provides a socio-economic overview of Brighton & Hove, including demographic, employment and skills trends and patterns of labour market disadvantage. The socio-economic profile of the city provides the context within which the City Employment and Skills Plan (CESP) priorities, objectives, actions and strategic indicators have been designed and against which progress can be measured.

The data in this section is drawn from a wide range of publicly available Office for National Statistics datasets that are mainly available from the NOMISWEB website. The analysis has tried to use dynamic datasets that are as up to date as possible, so there is only limited reference to 2001 Census data and the Indices of Multiple Deprivation (IMD).

The main datasets that have been used include the Annual Population Survey (APS), which is updated on a rolling quarterly basis, the Annual Business Inquiry, Working Age Benefit Claimant data and VAT registration data via the Small Business Service.

There are limitations in all datasets, particularly at local level, where confidence margins can become quite wide and difficult to interpret accurately. Whilst data and statistics cannot capture everything, they provide a sound basis upon which informed discussions about issues and priorities in relation to employment and skills can take place. They also enable progress to be measured in a consistent way and allow comparisons with other areas to be made, based on the same criteria.

• 3.1 The Population

Summary

- *Population growth in the city over the past ten years has been driven by an increase in the number of younger working age people.*
- *Challenges for Brighton & Hove are less to do with an ageing workforce and more to do with finding sufficient jobs for the increasing number of working age people in the city.*
- *Design and delivery of a range of services in Brighton & Hove needs to take account of the local population profile when interpreting national and regional messages, which may be based on different demographic assumptions.*
- *Current population projections suggest there will be an additional 12,000 residents in the city by 2017, 94% of whom will be of working age.*
- *Based on these projections, the city will need to find jobs for 8,400 additional people by 2017 just to maintain the current 75.6% employment rate.*
- *If a national aspiration of an 80% employment rate is to be achieved 16,200 additional people will have to be in work by 2017. This is one in six of all the additional people that SEEDA expects to move into work in the whole of the South East Region by 2016.*
- *The city will have to work in partnership with neighbouring areas to develop suitable employment opportunities, given the limited employment land space and the growth in the working age population.*

• 3.1.1 Recent Population Change

Whilst there may appear to some discrepancies in the both the level and drivers of population growth, all the data sources suggest that the city's population has become younger and that there has been a significant increase in the number of **working age residents** in the city and a **reduction** in the number of non-working age residents.

Brighton & Hove's overall population increased by an estimated 6,500 between 1997 and 2007[7], but this masks wider changes in the age structure of the population. Whilst the number of pre- and post-working age residents fell by more 8,100, the number of working age residents increased by 14,400.

The most significant increase has been amongst the 25-49 years (prime working age) age group, which now accounts for 42% of the city's resident population, compared with 37% in 1997.

Population change is driven by both natural growth and net in-migration from within the UK and from overseas. It is difficult to be precise about the components of change, although according to Local Population Estimates produced for Brighton & Hove City Council in 2003, around 85% of population growth in the city has been driven by net in-migration.

Figure 3.1: Different estimates of working age population change 1997 - 2007

	1997	*2007*	*1997 - 2007 Change*
ONS Projections	*153,800*	*168,200*	*+14,400*
Local Population Projections	*154,350*	*172,900*	*+18,550*

Source: Mid Year 1997 Population Estimates and 2004 Population Projections (ONS); Local Population Projections (2003 Based) Brighton & Hove City Council; Origin-Destination Migration 1999-2006 Office for National Statistics.

Analysis of the impact of migration patterns on cities in Britain for the Joseph Rowntree Foundation[8] also suggests that Brighton & Hove has seen significant net in-migration.

Whilst students account for a share of net in-migration, Brighton & Hove is one of only three cities[10] cited in the report that has experienced net in-migration of employed people and one of only four cities that gained more residents who were already working in higher skilled jobs than it lost.

It is also the only one of the 27 cities in the study that has a net in-flow of migrants from London and which actually gained more residents who were already employed in higher level occupations from the capital than it lost. By contrast, Brighton & Hove had a net out-flow of residents to other parts of its city region. The migration pattern for Brighton & Hove is similar to that for London: it gains residents from outside its city region[11] and it loses them to its neighbouring areas within its city region.

The change in the structure of the city's population has major implications for its labour market and economy. It helps to explain why there has been a substantial increase in employment, but only a marginal fall in the number of people not in work. Although there are more jobs, there are also more people to fill them, so job growth has only had a limited impact on those outside the labour market. It also gives an indication of the challenges that the city may face in the future.

7 Migration and Socio-Economic Change: A 2001 Census Analysis of Britain's Largest Cities. Champion T.; Coombes M.; Raybould S. and Wymer T. University of Newcastle 2007. Joseph Rowntree Foundation.

8 The others are Edinburgh and London.

9 The others are London, Derby and Northampton.

10 This study focused on long-distance migration – i.e.: in and out migration between places outside the city's region. In Brighton & Hove's case this includes Adur, Eastbourne, Hastings, Lewes, Rother, Wealden, Worthing.

The increase in the working age population means that the proportion of potentially economically productive residents in the city has increased over the past ten years. However, the challenge will be to ensure that there continues to be a suitable supply of employment opportunities for them.

• 3.1.2 Population Projections

Current trend based population projections[12] suggest that **the city's population could increase by a further 12,000 (4.8%) over the next ten years**[13]. This is a similar projected population growth as in the South East (+5.2%) and in England (+5.0%) over the same period. However, 94% of the increase in Brighton & Hove is expected to be amongst working age people, compared with just 31% in England and 29% in the South East. This has major implications for employment and skills in the city.

Figure 3.2, below, shows the age distribution of residents in Brighton & Hove in 2007 and the projected changes to 2017.

More than two-thirds of Brighton & Hove's residents (67%) are of working age, compared with 61% in the South East and 62% in England.

This pattern is expected to continue over the next ten years with only modest increases in the pre- and post-working age population and substantial increases in the working age population. This is in contrast to projections for the South East and England, both of which show a sharp increase in the post-working age population and only a modest increase in the working age population.

[12] Trend based population projections do not take account of potential constraints, which could include the size of the housing stock. If the housing stock does not reflect these trends, this could reduce the level of population growth. It is also important to recognise that these are projections and NOT predictions. They are based on trend analysis.

[13] Local Population Projections (2004 base) Office for National Statistics.

Figure 3.2: Projected population change in Brighton & Hove 2007 - 2017

	2007		2017		2007 - 2017 Change	
	Count	%	Count	%	Count	%
0 - 15	40,840	16.3	41,820	15.9	980	2.4
16 - 19	11,760	4.7	10,480	4.0	-1,280	-10.9
20 - 24	22,000	8.8	22,600	8.6	600	2.7
25 - 49	103,100	41.1	109,100	41.5	6,000	5.8
50 - 59/64	31,300	12.5	37,200	14.1	5,900	18.8
60/65+	42,100	16.8	41,900	15.9	-200	-0.5
Working age population	168,160	67.0	179,380	68.2	11,220	6.7
Non-working age population	82,940	33.0	83,720	31.8	780	0.9
Total	**251,100**	**100.0**	**263,100**	**100.0**	**12,000**	**4.8**

Source: Office for National Statistics Population Projections (2004 Base) via NOMIS.

• 3.1.3 The Implications of the Population Profile

A large working age population is generally good for a productive economy, because the proportion of potentially economically active residents is higher than in areas that have a large non-working age population. In such areas one would reasonably expect Gross Value Added (GVA)[14] per head of the total population to be high.

Brighton & Hove has a high proportion of young (20-24 years) and prime working age (25-49 years) residents. Since younger people tend to have higher level qualifications than older people, theoretically, this should mean that the city has the potential to have a relatively productive workforce that can operate effectively in a knowledge based economy.

However, the age profile in the city does present challenges. Brighton & Hove needs to be able to generate a large number of jobs just to maintain its existing employment rate. A failure to generate jobs will result in higher levels of worklessness and/or an increase in the number of residents who have to travel to work outside the city, which, in itself adds to the pressure on the transport infrastructure.

Based on the latest published population projections, **8,400 additional people**[15] would need to be in work by 2017 just to maintain the current 75.6% employment rate. This would be without any reduction in the proportion of working age people who are currently not in work or claiming benefits.

[14] Gross value added is the difference between output and intermediate consumption for any given sector/industry. That is the difference between the value of goods and services produced and the cost of raw materials and other inputs which are used up in production.

[15] This figure has been derived by applying the current employment rate from the 2006 Annual Population Survey (APS) to the estimated working age population (16-59/64 years) in 2017 based on the Local Area Population Projections (2004 based). The denominator figures have been amended so that they are equalised to the APS denominator base.

If the city is to address existing worklessness in its population by meeting the national aspiration of an employment rate of 80%, around **16,200 additional people** will have to be in work by 2017. This is nearly **one in six** of the total number of people SEEDA aims to move into employment across the South East Region by 2016, which is unlikely to be achievable within the city alone.

• 3.2 The Economy

Summary:

- *Economic growth in the city has been driven more by increases in employment than by productivity gains.*
- *GVA per head remains below the national average, which suggests that there is still scope for broadening the economic base and improving productivity.*
- *The number of businesses in the city has increased substantially over the past ten years, but business density remains below that in the South East Region.*
- *Average (and median) earnings in the city are below national levels, but this is mainly due to comparatively low earnings at the higher end of the labour market, rather than particularly low earnings in lower paid occupations.*
- *Self-employment continues to be an important feature of the city's economy, but it is not clear how readily this correlates with strong economic performance.*
- *The progress of the major developments in the city should have a significant impact on the employment and skills demands over the next ten years.*

• 3.2.1 Recent Economic Performance

Brighton & Hove's economy performed quite strongly at the beginning of the 21st century, but since then appears to have reached a plateau. Since 2002, unemployment levels have remained virtually unchanged and GVA per head growth has reverted to average levels.

In 2004, the Brighton & Hove economy was worth £4.13bn. This is 51.6% higher than in 1997[16]. The city's economy has grown at the same rate as that of the South East Region since 1997, but faster than in England.

Gross Value Added (GVA) per head increased by 47.3% over the same period, but at £16,406, it remains below both the regional (£18,496) and national (£17,451) averages. Economic growth may have been driven more by increases in employment than by productivity gains because the economy has grown at a faster rate than the growth per head.

Continued low GVA per head in the city suggests that there is still scope for Brighton & Hove to have a more productive economy. This may mean creating more jobs in businesses and sectors that produce more value per worker and ensuring that the existing skills of the city's workforce are better deployed[17].

• 3.2.2 Average Earnings

Despite having a generally well-qualified adult population, average weekly earnings for full-time workers are still only 90% of full-time average weekly earnings in Britain and 86% of those in the South East Region[18].

Low average earnings can indicate a narrow economic base with a high proportion of workers employed in intermediate or lower paying occupations or sectors. Lower paid full-time workers in the city earn, on average, similar amounts to low paid workers in Britain as a whole[19]. However, higher earners tend, on average, to earn less than their national equivalents[20]. It is the relatively low earnings of higher paid workers that contributes to low average earnings in the city, rather than the particularly low earnings of, or size of, the lower paid workforce.

Further analysis of the earnings data shows that hourly earnings for female full-time workers[21] are closer to hourly earnings for male full-time workers (96%) than in the South East (79%) and in Britain (83%), whilst hourly earnings for part-time workers are closer to hourly earnings for full-time workers (77%) than regionally (68%) and in Britain (68%).

The city's labour market may operate relatively equitably when it comes to different types of workers, but the distribution and supply of jobs may be too heavily focused on part-time, low value added activities. This is discussed in the employment part of this section.

[16] This is at current basic prices (Local GVA – Office for National Statistics).

[17] See Section 3.5.

[18] Source: Annual Survey of Hours and Earnings (ASHE) 2006 Office for National Statistics.

[19] The lowest 25% of earners in Brighton & Hove earn 99.7% per hour of the average earnings for the lowest 25% of earners in Britain. The highest 75% of earners in Brighton & Hove earn 93.6% per hour of the average earnings for the highest 75% of earners in Britain.

[20] It is possible that this occurs because earnings dispersion between high and low earners is narrower in sectors that provide a large amount of employment in the city. At UK level, earners at the 75th percentile in the hotels and restaurants sector earn 1.4 times those at the 25th percentile (based on hourly earnings for full-time workers), whilst for the retail sector it is 1.5 times, public administration 1.6 times and health 1.7 times.

[21] Brighton & Hove: Males £12.85; Females £12.30; South East: Males: £15.56; Females: £12.25; Britain: Males: £14.60; Females £12.10.

• 3.2.3 Business Density and Entrepreneurship

Business density is a further way of measuring economic strength. At the start of 2006, there were 8,560 VAT registered businesses in Brighton & Hove. This is 1,750 more than at the start of 1997. Although the number of VAT registered businesses has increased at a faster rate in Brighton & Hove (+25%) than the South East (+18%) and England (+15%), business density (400 per 10,000 adults) remains below the regional average (443 per 10,000 adults).

The increase in the stock of VAT registered businesses has been accompanied by a small increase in the three-year survival rate of city businesses. Seven out of ten (70%) of businesses that registered in 1997 were still trading in 2000 and 72% of businesses that registered in 2002 were still trading in 2005. Business survival rates in Brighton & Hove are similar to those of the South East Region (73%) and England (71%).

Self-employment is also sometimes used as a measure of entrepreneurship and dynamism, although in some sectors (e.g. construction, performing arts) high levels of self-employment are the norm and this does not necessarily suggest that there are lots of small businesses with the potential or aim to become multinational corporations. The city has a high proportion of working age residents who are self-employed (16%)[22]. However, this may be more to do with the city's sector profile than economic dynamism.

Not all self-employment activities are easily measured. This is particularly the case with the informal economy, which may provide an important source of employment and income for many local people, but which is not captured through standard employment datasets.

Brighton & Hove is sometimes referred to as being over-reliant on small and micro-businesses, which hinders employment growth and business development. Whilst 85% of businesses in the city employ fewer than 11 people, this is the same as the regional average (85%) and similar to the national average (84%)[23]. Just over one in ten of the city's businesses (12%) employ between 11 and 49 people. This is only marginally higher than in the South East (11%) and below the national average (13%). The city is, in fact, no more of a small business economy than many other places in Britain.

[22] VAT Registered Businesses 1994-2006: Small Business Service, Department for Business, Enterprise and Regulatory Reform (DBERR).

[23] Annual Business Inquiry (2006) via NOMISWEB.

• 3.2.4 Major Developments

The future development of the city's economy is largely based on the successful delivery of a large number of regeneration schemes, including:

- *Redevelopment of the Brighton Centre;*
- *Brunswick and Explore Living residential and retail schemes at Brighton Marina;*
- *International Arena at Black Rock;*
- *i360 observation tower at West Pier;*
- *New England Quarter mixed use scheme including two new hotels, offices, residential and retail;*
- *Municipal market development at Circus Street for mixed use;*
- *Sports centre development on the King Alfred Leisure Centre site at Hove along with residential towers;*
- *Shoreham Harbour mixed use regeneration scheme;*
- *Office and employment development at Patcham Court Farm A23/A27;*
- *Redevelopment of Preston Barracks for an employment-led mixed use scheme;*
- *London Road Open Market;*
- *LR2 Lewes Road/London Road Regeneration Masterplan;*
- *The Community stadium development at Falmer.*

As part of, and in addition to these, there are six new hotels currently under construction or proposed, which will increase the capacity of the tourism industry. The success and timing of all these developments will have a significant impact on both the supply of jobs and the demand for skills in the city over the next decade and beyond.

There remain infrastructure constraints to the development of the economy, however. The 2006 Employment Land Study[24], suggests that much of the available office stock is of "relatively poor quality" and subject to "continuing pressure from competing uses", whilst the existing industrial estates "offer few opportunities for wholesale redevelopment".

The study suggests that if the proposed Major Development Areas are delivered, then the city should have sufficient employment land space to the period 2016. However, if these do not all come to fruition, then alternative sites will need to be found.

In the decade beyond 2016, the city will need an additional 26,000 sq. metres of commercial office space, ideally situated in a City Centre Business Quarter, where high density should foster better knowledge exchange, business growth and development.

In the more immediate term, the study recommends the adoption of a policy that focuses on investment in new modern office floor-space and improves the quality of what is currently available.

Given the pressure to generate additional employment to support the projected growth in the working age population, the delivery of these major developments is likely to be central both to strengthening the city's economy and to providing the additional jobs that the city will need over the next decade.

[24] Brighton & Hove City Council Employment Land Study ("006) Roger Tym & Partners.

3.3 Employment

Summary :

There has been substantial employment growth in Brighton & Hove in the past ten years, but virtually no change in the employment rate. This is due to the increase in the number of working age residents in the city.

Employment in the city is heavily service sector focused and has a low proportion of employment in production based industries. This may help to explain the low proportion of male employees in the city. High levels of part-time work and self-employment mean that the city has a flexible labour market.

Job growth in the past decade has strengthened the service sector. The financial and business services sector has provided nearly half of the new jobs in the city over the past decade. However, many of these jobs appear to be lower skilled and insecure agency employment. In common with many other areas, retail, education and health are other significant sources of local employment.

According to the Department of Culture, Media and Sports (DCMS) definition 19% of the city's workforce are employed in the cultural industries, but the definition is so wide that it includes bars, restaurants, hotels, betting and gambling activities, other business services and travel agencies, which, between them account for the majority of employees in the sector.

There is some evidence of a dual labour market with job growth being mainly concentrated at the higher and lower end of the labour market, making it difficult to develop effective progression routes. Employment forecasts suggest that this pattern may continue.

The strong service sector economy favours residents with strong interpersonal skills. There are few entry level opportunities for people who do not have these skills.

3.3.1 Employment Status

There are different ways of measuring employment, which can make trend analysis difficult. Some measures are based on workplace analysis *(The Annual Business Inquiry)*, which counts the number of people who are employed in the city (but who do not necessarily live in the city), but excludes self-employed workers.

Other measures are residence-based *(The Annual Population Survey).* These will include self-employed and residents who live in the city and work outside it, but will exclude people who work in the city, but live elsewhere. Generally, employment rates are based on residence-based surveys, so their relationship with the number of jobs in the city may not always be tight.

The third measure is based on the estimated total number of employee and self-employed jobs and is provided by *Experian Business Strategies Ltd.* This section uses a combination of datasets to provide an analysis of employment trends in the city since the mid 1990s and forecast changes over the next ten years.

Figure 3.3 shows the number of full-time, part-time and self-employed jobs in Brighton & Hove and compares these with those in Britain. In 2007 there were an estimated 148,000[25] people in work in the city. This included 77,500 full-time workers, 47,300 part-time workers and 23,300 self-employed workers. Brighton & Hove has a lower proportion of full-time workers than the average in Britain and a higher proportion of part-time and self-employed people.

Males account for a low proportion of *employees in employment,* compared with the South East and Britain, but a higher proportion of self-employed workers. Overall, a higher proportion of male working age residents (79%) than female working age residents (70%) are in work.

Males account for 50.1% of employees in England and 50.5% in the South East, but just 45.4% of employees in Brighton & Hove.

Figure 3.3: Employment Status (2007)

2007	Brighton & Hove		Britain	LQ[26]
	000's	%	%	
Full-time	77.5	52.3	58.9	0.9
Part-time	47.3	31.9	27.9	1.1
Self-employed	23.3	15.7	13.2	1.2
Total	**148.0**	**100.0**	**100.0**	**1.0**

Source: Experian Business Strategies Ltd. (2007)

Total employment grew by 31,000[27] in Brighton & Hove (26%) between 1997 and 2007. This is much stronger growth than in the South East (12%) and in Britain as a whole (14%).

Employment growth[28] locally has been disproportionately driven by flexible forms of working. Although more than half (59%) the employment growth has been in full-time work, more than a third (37%) has been part-time. Self-employment has accounted for only a small proportion (4%) of the increase.

In the South East Region, full-time employment has accounted for most (78%) of the employment growth over the past ten years.

25 Experian Business Strategies Ltd (2007).

26 The Location Quotient (LQ) shows the proportion of workers by employment status compared with the proportion in Britain.

27 Experian Business Strategies Ltd (2007). The Annual Business Inquiry suggests that there were 25,573 more employees in employment in 2005 than there had been in 1998. This is also a 26% increase and is much higher than in England (8.4%) and the South East (9.8%).

28 Experian Business Strategies Ltd (2007).

• 3.3.2 Migrant Workers

It is well-known that Brighton & Hove, like many seaside locations, has a significant amount of short-term seasonal employment, some of which may be filled by workers moving into the city on a short-term basis. It can be difficult to capture seasonal employment variations from standard data sources. Anecdotal evidence suggests that the city has attracted a significant number of migrant workers in recent years. This is supported by data evidence on National Insurance registrations in 2005-06 and 2006-07[29].

Data from the Department for Work and Pensions shows that there were 9,350 National Insurance registrations by non-UK nationals with Brighton & Hove postcodes in 2005-6 and 2006-7. This suggests that migrant workers may have accounted for a fairly large number of people in work over the past two years. The Figure on the right shows the distribution of National Insurance registrations by country of origin.

Polish residents account for one in five (20%) of all non-UK workers who registered for National Insurance numbers over the two-year period. This is significantly more than from any other country, but it is a lower proportion than across the United Kingdom as a whole (27%).

Brighton & Hove has had similar numbers of overseas nationals National Insurance registrations over the past two years as Oxford, Peterborough, Aberdeen, Sheffield, Liverpool and Southampton, but well below the levels of many London Boroughs.

The data does not show which occupations migrant workers have entered, nor whether they have mainly been employed in seasonal employment or in more permanent positions.

Figure: 3.4: National insurance registrations to non-UK nationals with Brighton & Hove postcodes 2005-06 and 2006-07

All Non UK NI Registrants	2006	2007	2006 - 2007
	5,080	4,450	9,530
Poland	1,030	860	1,890
Hungary	380	100	480
India	190	220	410
Slovak Republic	140	260	400
Spain	90	310	400
Pakistan	330	50	380
Italy	220	140	360
Australia	150	200	350
Rep. of Lithuania	210	70	280
South Africa	210	70	280
Germany	70	180	250
France	30	200	230
China Peoples Rep.	140	90	230
Portugal	170	60	230

Source: National Insurance Number Allocations to Overseas Nationals Entering the UK 2005-06 and 2006-07: Department for Work and Pensions.

[29] National Insurance Number Allocations to Overseas Nationals Entering the UK 2005-06 and 2006-07: Department for Work and Pensions.

• 3.3.3 Changes in Employment

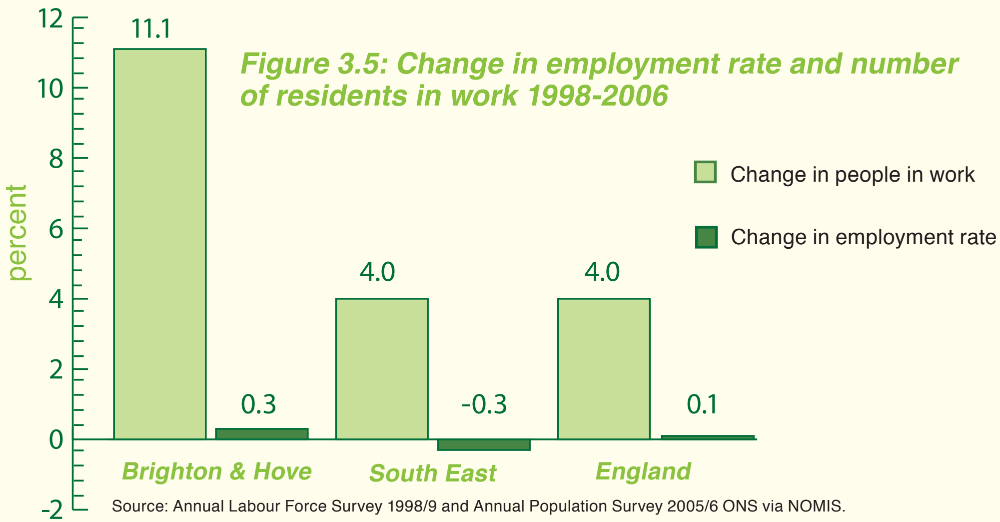
Although there has been an increase in employment there has been little change in the overall employment rate over the past ten years. This is the case in Brighton & Hove, the South East and in England.

Figure 3.5, below, shows the number of **residents in work**[30] in Brighton & Hove, the South East and England in 1998-9 and 2005-6 and compares this with the changes in the **employment rates** for the different areas over the period.

Although there were 11.1% more residents in work in 2005-06 compared with 1998-99, the employment rate only increased by 0.3%. This indicates the challenge that the city faces in creating jobs over the next ten years. Increasing the number of people in jobs has not resulted in an increase in the employment rate in the city in the recent past and it may not do so in the future if job creation does not keep pace with the growth in the working age population.

Experian Business Strategies forecast that there will be an increase of 11,580 jobs in the city by 2017. This is a slower rate (8%) of increase than has occurred over the past ten years (+26%). If this were to happen and if Brighton & Hove were to be the sole source of employment for local residents, this would mean that the employment rate **would increase from 75.6% in 2007 to 77.2% in 2017**, based on current Office for National Statistics (ONS) population projections. Therefore, an additional 4,800 people in the city would need to find work outside Brighton & Hove if the desired employment target of 80% is to be achieved.

Figure 3.5: Change in employment rate and number of residents in work 1998-2006



Source: Annual Labour Force Survey 1998/9 and Annual Population Survey 2005/6 ONS via NOMIS.

30 This figure differs from the 26% increase in employment due to the different timeframes that have been used and because it is based on the increase in number of **residents** in work rather than an increase in the number of **people working** in the city.

• 3.3.4 Employment Sectors

The strong service sector nature of the economy may help to explain the low proportion of male employees in the city, the high levels of flexible employment, the relatively low average earnings and the strong employment growth over the past ten years.

Figure 3.6 below compares the distribution of employment by sector in Brighton & Hove with that of England. The Location Quotient (LQ) shows the relative importance of the sector to the local economy in terms of employment. An LQ value greater than 1 highlights a relatively high concentration of employment within a sector in Brighton & Hove.

The sector structure shows the importance of the financial and business services sector to the city's economy. Nearly one in three (30%) of all jobs are in this sector. This is much higher than the proportion in Britain (21%). There were 13,800 more jobs in this sector in 2007 than there had been ten years earlier. This is nearly half (45%) of all the city's additional jobs.

Analysis of the Annual Business Inquiry (ABI) shows that **labour recruitment** (employment agencies) and **industrial cleaning** account for around 9,300 of all employee jobs in Brighton & Hove and 3,400 of the new jobs created between 1998 and 2005. Many of these jobs are likely to be insecure, low skilled and may have unclear labour market progression routes.

Figure 3.6: Sectoral distribution of employment in the city compared with Britain

2007	*Brighton & Hove*		*Britain*	*LQ*
	Count	*%*	*Count*	*%*
Agriculture, Forestry & Fishing	*220*	*0*	*1*	*0.1*
Energy & Water	*940*	*1*	*1*	*1.0*
Manufacturing	*4,620*	*3*	*10*	*0.3*
Construction	*6,100*	*4*	*7*	*0.6*
Retail & Wholesale	*19,840*	*13*	*16*	*0.8*
Hotels & Catering	*11,710*	*8*	*6*	*1.2*
Transport & Communications	*8,360*	*6*	*6*	*0.9*
Financial & Business Services	*44,890*	*30*	*21*	*1.4*
Public Admin. & Defence	*4,330*	*3*	*5*	*0.6*
Education	*14,940*	*10*	*8*	*1.2*
Health	*18,910*	*13*	*12*	*1.1*
Other	*13,180*	*9*	*7*	*1.4*
TOTAL	***148,050***	***100***	***100***	***1.0***

Source: Experian Business Strategies Ltd (2007).

Despite this, many other types of businesses in this sector have also seen a significant expansion of employment, including:

- *Software and hardware consultancy and IT related employment;*
- *Management consultancy;*
- *Legal and accountancy services;*
- *Advertising; and*
- *Business related to the property market.*

These are all higher value-added, knowledge based types of businesses.
In addition to this there is a strong **financial services** presence in the city with large employers, such as American Express, Legal and General and Lloyds/TSB being significant local employers.

Retail and wholesale, **education** and **health** are also important sources of local employment, but these sectors tend to provide a high proportion of jobs in most locations in Britain, as they mainly serve local markets. Given the role that public sector agencies have in leading strategically on employment and skills related issues, they could also take a strong lead as major local employers in widening employment opportunities for people who find it difficult to enter the labour market.

In Brighton & Hove the **cultural and creative industries** are considered to be significant sources of local employment. Classification and definitional issues make this a difficult sector to quantify. According to the Department for Culture, Media and Sports (DCMS) definition, there are around 24,000 people employed in this sector, but most of these work in sub-sectors that may not be commonly considered to be cultural.

More than half (54%) of employees working in the 'cultural sector' work in either hotels, restaurants, travel agencies, gambling and betting activities and other business services. A full breakdown of employees working in this sector is shown in Annex 4.

The **tourism** sector is also an important source of employment in the city, with local estimates suggesting that the sector supports more than 6,000 jobs[31]. However, nearly half (48%) of the jobs in this sector are part-time. With six new hotels under development or being proposed, tourism will continue to be an important source of local employment.

The redevelopment of the Brighton Centre will enhance the city's conference facilities and should assist the sector in providing higher value added operations that could boost the quality of local jobs in the tourism sector.

The key feature of the economy from a sector perspective is the low proportion of jobs in non-service activities compared with Britain. Manufacturing, agriculture and construction have not been significant sources of local employment in recent years. However, the planned major developments, including those at the King Alfred, Brighton Marina, Black Rock and the Community Stadium should mean that there will be significant demand for more skilled **construction** workers.

[31] STEAM (2006) Brighton & Hove City Council.

3.3.5 Occupations

The occupations that people work in are as significant in understanding employment and skills needs as sectoral analysis. Some occupations are generally sector specific, including many of the skilled construction trades and many health sector professions. Other occupations can be found in many different sectors, including many administrative and customer service roles and some professional occupations, such as accountants and marketing professionals.

Figure 3.7: Occupational structure of Brighton & Hove (2007)

2007	Brighton & Hove		Britain	LQ
	Count ('000s)	%	%	
Managers & Senior Officials	25.3	17.1	16.5	1.0
Professional Occupations	22.6	15.3	12.6	1.2
Associate Professional Occupations	23.9	16.2	14.4	1.1
LEVEL 4	**71.8**	**48.5**	**43.5**	**1.1**
Administrative & Secretatial Occupations	19.3	13.0	12.1	1.1
Skilled Trades	11.5	7.7	10.8	0.7
LEVEL 3	**30.7**	**20.8**	**23.0**	**0.9**
Personal Service Occupations	13.7	9.3	7.7	1.2
Sales & Customer Service Occupations	10.5	7.1	7.3	1.0
Process, Plant & Machine Operatives	6.0	4.0	7.5	0.5
Elementary Occupations	15.2	10.3	11.1	0.9
LEVEL 2	**45.4**	**30.7**	**33.6**	**0.9**
TOTAL	**148.1**	**100.0**	**100.0**	**1.0**

Source: Experian Business Strategies Ltd (2007).

Brighton & Hove's strong service sector influences the occupational structure of the labour market. Figure 3.7 shows the distribution of employment by occupation in the city and compares this with Britain. The occupations have been classified into three different skill levels – Higher Level (Level 4+), Intermediate Level (Level 3) and Lower Level (Level 2)[32].

Nearly half (48.5%) of all the occupations in Brighton & Hove are Higher Level occupations. This is a much higher proportion than in Britain (44%). However, although many of these occupations require people to hold a degree or equivalent qualification, a high proportion may be in lower value added sectors and businesses.

The city has a lower proportion of Intermediate and Lower Level occupations than in Britain as a whole. This has led to what has been described as an 'hour glass' economy or 'labour market dualism'. This is where employment is concentrated at both the high end and at the lower end of the labour market, which can result in people being trapped in a cycle of lower paying, lower skilled jobs and unable to progress through the labour market.

[32] Associate Professional Occupations are sometimes classified at Level 3, but they have been classified at Level 4 because many of the occupations in this category now require qualifications at Level 4. No occupations have been allocated at below Level 2 because Level 2 qualifications/skills are generally considered to be minimum level required to perform effectively in the labour market.

The other key feature of the occupational structure is the small proportion of manual occupations, which also reflects the city's sector structure. There is a low proportion of skilled trades jobs and process, plant and machine operative jobs. By contrast there is a high proportion of employment in occupations that require strong communication skills, such as personal service and sales and customer service occupations.

More than eight out of ten (82%) elementary occupations in the city are in administrative or service roles, rather than in plant, storage and trade related occupations. This is reflected in the distribution of vacancies notified to Jobcentre Plus. Nearly two-thirds (61%) of all vacancies notified to Jobcentre Plus in July 2007 were in elementary and intermediate service sector occupations, whilst fewer than a quarter (22%) were in manual and skilled trade occupations. This makes it difficult to find entry level employment in the city for people who lack strong communication skills.

Anecdotal evidence suggests that many of these entry level service sector occupations are filled on a temporary or flexible basis by more highly qualified local residents, making it even more difficult for lower skilled residents to gain a foothold in the labour market and leading to an under-utilisation of higher skilled local residents.

Employment change over the past ten years has favoured people with higher level skills and qualifications. Seven out of ten (71%) of all the additional jobs that have been created in the past ten years are in Higher Level occupations, with fewer than two in ten (18%) being in Lower Level occupation[33].

These changes are forecast to continue, with eight out of ten (78%) of the new jobs expected to be in Higher Level occupations and just over two out of ten (22%) in Lower Level occupations.

The lack of growth in Level 3 occupations may mean that the bridge between Lower Level and Higher Level occupations becomes even more challenging to cross, unless clear occupational pathways are developed to enable people to progress through the labour market.

[33] Experian Business Strategies (2007).

3.4 Worklessness

Summary:

- *Around one quarter of the working age population are not in work, but many of these may not be suffering from labour market disadvantage. Two-thirds of economically inactive residents* ***do not want a job.***
- *There are just under 20,000 people who are not in work, but who would like a job. These include unemployed residents, people looking after a family/home, people with long-term illnesses and full-time students.*
- *Brighton & Hove has been marginally more effective in tackling economic inactivity than regionally or nationally, but for every five unemployed residents who has found work over the past ten years only one person who was economically inactive has found a job.*
- *The city now has lower levels of worklessness than in England, but if the worklessness was as low as in the South East Region, there would be 4,500 more people in the city in employment.*
- *There has been only a modest fall in working age benefit claimants over the past seven years whilst the number of people on Incapacity Benefit has actually increased. The share of working age benefit claimants in the most deprived wards has increased over the past seven years.*
- *People who are at risk of labour market exclusion may suffer multiple disadvantages and there need to be multi-agency approaches to providing personalised, flexible support within community based settings.*

3.4.1 Definitions

There are many different terms to describe people who are not working. These include Jobseekers Allowance (JSA) claimants, unemployed residents, economically inactive residents, workless and involuntarily workless residents. Broadly, they can be defined as follows:

- ***A: JSA Claimants*** *– These are working age people who are eligible and who claim the unemployment related benefit, Jobseekers Allowance.*
- ***B: Unemployed Residents*** *– These are working age residents who are not in paid work, are available to start work within two weeks, and have either looked for work in the past four weeks or are waiting to start a new job. This is a different measure from JSA Claimants.*
- ***C: Economically Inactive*** *– These are all people who are not in employment and who are not unemployed by definition (B).*
- ***D: Workless Residents*** *– These people who are the economically inactive (C) plus the Unemployed Residents (B).*
- ***E: Involuntarily Workless Residents*** *– These people are workless residents (D) who report that they want to work.*

If the employment rate in the city is to reach its 80% target, agencies in Brighton & Hove will have to be effective in supporting businesses to create new jobs and in moving people who are not currently in work back into employment.

It is now widely recognised that unemployment is not a sufficient way of estimating the number of working age people who are not in employment. In 2006, over one fifth (21%)[34] of people in Brighton & Hove who were not in work were unemployed. JSA claimants accounted for as little as 13% of all people of working age who were not employed.

This means that nearly nine out of ten people who are not in work are not claiming unemployment benefit and eight out of ten are not even classified as unemployed.

The remainder are **economically inactive.** That is, they are students, looking after a home, carers, sick or disabled, have retired early (either voluntarily or involuntarily) or they have ceased to look for work because they have become discouraged about their prospects of finding it.

3.4.2 Trends in Worklessness

Figure 3.8 shows the estimated total number of workless people in Brighton & Hove, the South East and in England in 1997 and 2006.

Around one quarter (24.4%) of the working age population in Brighton & Hove are workless. This is approximately 40,800 people. There were 4,200 (-9.3%) fewer workless residents in Brighton & Hove in 2006 than there were in 1997. This compares with increases in both the South East (+3.7%) and England (+1.7%).

However, the significant increase in jobs over the past ten years has not been reflected by an equivalent fall in the number or proportion of people who are not in work.

Despite this, worklessness is now lower in Brighton & Hove than it is in England, although it remains above the regional rate. If the workless rate in the city were to fall to the same rate as the South East Region (21.4%), this would mean that an additional 4,500 more people would be in work.

There has been mixed success in tackling different types of worklessness over the past ten years.

Figure 3.8: Changes in Worklessness 1996-2006

	Workless					
	1997		2006		1997 - 2006 Change	
	Count	%	Count	%	Change	%
Brighton & Hove	45,000	29.3	40,800	24.4	-4,200	-9.3
South East	1,031,000	21.8	1,069,000	21.4	38,000	3.7
England	7,791,000	26.5	7,921,100	25.8	130,100	1.7

Source: Labour Force Survey 1996 and Annual Population Survey 2006.

[34] Annual Population Survey 2006.

[35] This is much higher than in England (17%) and the South East (17%), which may suggest that a higher proportion of non-working age people in Brighton & Hove are amongst the least hardest to help.

Figure 3.9 compares the change in unemployment with the change in economic inactivity between 1997 and 2006.

Figure 3.9: Changes in unemployment and economic inactivity 1997-2006

	1997		2006		1997 - 2006 Change	
	Count	%	Count	%	Count	%
Economically Inactive	33,000	21.5	32,300	19.3	-700	-2.1
Unemployed [36]	12,000	7.8	8,500	5.1	-3,500	-29.2

Source: Labour Force Survey 1996 and Annual Population Survey 2006 (ONS) via NOMIS.

The table shows that it is the reduction in unemployment rather than the reduction in economic activity that has contributed to the fall in worklessness. Whilst unemployment has fallen by 29.2%, economic activity has fallen by just 2.1%.

For every five unemployed people who have found work over the last decade, only one person who was economically inactive has found a job.

The difference is even more marked in the South East and in England, where there has been an increase in economic inactivity and a decrease in unemployment.

• 3.4.3 Who is Workless?

Before beginning to tackle worklessness, it is useful to identify who is out of work, why they are out of work and whether they want to find jobs.

Economic inactivity does not necessarily equate to labour market disadvantage. It can equate to economic advantage, where people choose not to work because they do not need to. It can also signify a large proportion of people who are studying full-time to develop their skills and who have delayed their entry to the labour market whilst they acquire higher level skills.

With its large student population, these are important issues for Brighton & Hove. The city has a much higher proportion of 18-24 year old residents in full-time education (44%)[37] than both the South East (28%) and England (27%). This increases the economic inactivity rate amongst younger people in the city, but it does not increase the level of labour market disadvantage.

Not everyone who is economically inactive wants to work. Nearly two-thirds (65%)[38] of economically inactive residents in Brighton & Hove do not want a job.

This still leaves 11,200 economically inactive residents who do want a job, which suggests that there are around 19,700 residents in Brighton & Hove who are involuntarily not in employment. Of these, half (50%) are male and half (50%) are female.

Many of these residents have low skills, are at risk of labour market exclusion and may face multiple barriers to labour market entry. Evidence from the LSC[39] supports the view that tackling labour market disadvantage requires a sustained, flexible, multi-agency approach that recognises the specific needs of individuals.

Tackling multiple labour market disadvantage is likely to require providing first rung outreach services in non-traditional, community settings that will help to develop the skills and confidence of disadvantaged residents so that they can compete for jobs in the wider labour market.

Working with employers – particularly those that provide non-market services and that have a strategic lead in tackling worklessness and raising skills – to provide work experience, training opportunities and first rung employment opportunities will need to be equally thorough, individualised and sustained.

[37] Annual Population Survey 2006 (ONS) via NOMISWEB.
[38] Annual Population Survey 2006 (ONS) via NOMISWEB.
[39] Towards Skills for Jobs: What Works in Tackling Worklessness: May 2007.

• 3.4.4 Working Age Benefit Claimants

Working age benefit claimants could be viewed as those who are most likely to be suffering from labour market disadvantage and activities to address worklessness are most likely to be focused on these people.

Figure 3.10 shows the change in the number of working age benefit claimants by different category in Brighton & Hove between 2000 and 2007.

In February 2007, there were 24,985 (15%) working age residents who were claiming a benefit. This is higher than the estimated number of non-working residents who report that they would like to work (19,700). However, it represents a modest fall of 1,405 (-5.3%) since 2000.

Incapacity Benefit claimants account for more than half (51%) of working age benefit claimants in the city, whilst, JSA claimants (20%), lone parents (14%), carers (5%) and people with disabilities (6%) account for the remainder. The overall fall in the number of working age benefit claimants hides an overall rise in those claiming Incapacity Benefit and carers.

Making substantial in-roads into the employment rate in the city will mean that there will need to be actions that support progress towards work for those furthest away from the labour market, as well as ones that remove barriers for those who are close to being job-ready.

Working age benefit claimants are also not spread equally across the city (see Figure 3.11). The wards with the highest proportion of working age residents on benefits are East Brighton (28.2%), Queens Park (25.3%) and Moulsecoomb & Bevendean (21.0%). This compares with Stanford (7.8%) and Withdean (8.3%), which have the lowest proportions.

Using this measure of labour market disadvantage, some of the worst performing areas in February 2000 appear to have performed below the average trend for the city. In February 2000 26.3% of all working age residents claiming benefits lived in East Brighton, Moulsecoomb & Bevendean and Queens Park, but by February 2007, this had increased to 27.3%

Figure 3.10: Change in working age benefit claimants 2000-2007

	All Working Age Benefit Claimants	***Job Seekers***	***Incapacity Benefit***	***Lone Parents***	***Carers***	***Others***	***Disabled***
2000	*26,390*	*7,570*	*11,920*	*4,225*	*1,025*	*970*	*no data*
2007	*24,985*	*5,025*	*12,770*	*3,575*	*1,225*	*625*	*1,395*
Change	*-1,405*	*-2,545*	*850*	*-650*	*200*	*-345*	*n/a*
% Change	*-5.3*	*-33.6*	*7.1*	*-15.4*	*19.5*	*-35.6*	*n/a*

Source: Benefit Claimant Data Office for National Statistics via NOMISWEB.

Figure 3.11: Working Age Benefit Claimants by Ward February 2000- February 2007

	Feb. 2000		Feb. 2007		Feb. 2000 - Feb 2007 Change	
	Claimants	% of Adult Population	Claimants	% of Adult Population	Claimants	% Change
Brunswick & Adelaide	1,265	16.4	970	12.6	-295	-23.3
Central Hove	1,020	17.7	840	14.6	-180	-17.6
East Brighton	2,530	28.7	2,490	28.2	-40	-1.6
Goldsmid	1,400	15.7	1,270	14.2	-130	-9.3
Hangleton & Knoll	1,380	17.1	1,480	18.3	100	7.2
Hanover & Elm Grove	1,550	14.9	1,305	12.6	-245	-15.8
Hollingbury & Stanmer	1,490	14.8	1,610	16.0	120	8.1
Moulsecoolmb & Bevendean	2,030	20.5	2,075	21.0	45	2.2
North Portslade	795	12.8	845	13.6	50	6.3
Patcham	900	10.8	900	10.8	0	0.0
Preston Park	1,150	12.6	935	10.2	-215	-18.7
Queen's Park	2,385	26.9	2,245	25.3	-140	-5.9
Regency	1,460	21.4	1,080	15.8	-380	-26.0
Rottingdean Coastal	715	10.2	700	10.0	-15	-2.1
South Portslade	820	14.7	840	15.0	20	2.4
St Peter's & North Laine	1,885	16.7	1,795	15.9	-90	-4.8
Stanford	465	8.1	450	7.8	-15	-3.2
Westbourne	870	16.2	905	16.8	35	4.0
Wish	725	14.7	730	14.8	5	0.7
Withdean	765	9.3	685	8.3	-80	-10.5
Woodingdean	790	14.3	835	15.1	45	5.7
Total	**26,390**	**16.2**	**24,985**	**15.4**	**-1,405**	**-5.3**

Source: Working Age Benefit Claimant Data via NOMIS (2007).

The most significant falls in working age benefit claimants have been in Regency (-26%), Brunswick & Adelaide (-23.3%), Preston Park (18.7%) and Central Hove

(-17.6%). By contrast, East Brighton (-1.6%) and Moulsecoomb & Bevendean (-2.2%) have seen much more modest falls than the average for the city, whilst the fall in Queens Park (-5.9%) has been in line with the city's average.

Falls in the number of JSA claimants in Moulsecoomb & Bevendean (-18.9%) and East Brighton (-20.0%) have been more modest than the falls across the city (-33.6%), whilst rises in Incapacity Benefit Claimants (+8.6% and +11.0%) have been higher than the city average (+7.1%). Only in terms of reducing benefit dependency amongst lone parents is the story different.

The number of claimants has fallen by 15.7% across the city, but by 19.8% in East Brighton and marginally below the average (13.8%) in Moulsecoomb & Bevendean.

It is difficult to attribute changes directly to the impact of interventions. However, the CESP needs to consider the right mix of interventions that will make a positive impact on headline indicators of labour market disadvantage, such as the number of working age benefit claimants.

A key challenge is how to get the right balance between providing community based services and developing employment opportunities in local neighbourhoods with encouraging people to seek opportunities across the city and beyond, where there is a wider range of already established employment options.

Analysis of employee jobs shows that there is not an even distribution of jobs across the city. However, there does not appear to be a clear link between local job density and labour market disadvantage, this may suggest that strategies that focus too strongly on developing employment opportunities in specific neighbourhoods may not always yield the desired results.

North Portslade (141 jobs per 1,000 working age residents[40]), Woodingdean (244) and Hanover and Elm Grove (267) have a much lower local job density than the city average (762), but all three wards have a below average proportion of working age benefit claimants.

By contrast, Queens Park (1,348) has a much higher local job density than the city average, whilst in East Brighton (697) it is only marginally below. The employee jobs ratio in Moulseccoomb & Bevendean (339) is well below the average, however.

[40] The Employees Jobs density has been calculated by dividing the number of employees jobs in each ward as measured by the Annual Business Inquiry by the one thousandth of the working age population.

• 3.4.5 Worklessness Amongst Different Groups

There are groups within the city that have high rates of economic inactivity. Four out of ten (39%) people with a disability are inactive. Nearly one third (30%) of the city's non-white working age residents[41] are inactive, compared with 18% of the city's white residents.

Economic inactivity amongst residents aged 50-retirement age (22.1%) is slightly higher the city's overall economic inactivity rate (19.3%). If inactivity was the same rate amongst this group as for the whole working age population, this would mean an additional 1,000 older workers would be economically active. Whilst the economic activity 'rates' matter, from a resource perspective, it is also important to try to consider the actual numbers involved as well, particularly when this refers to particular groups within the city. This can be difficult to evidence at very local level, because sample sizes are often too small and confidence bands too wide.

Both defining and tackling worklessness is complicated. Given the level of jobless residents in the city and the projected increase in the working age population, the CESP will need to focus both on creating new jobs and providing a flexible range of interventions to support people with different experiences of the labour market.

Once in work, there will need to be interventions that enhance labour market attachment and provide clear pathways to enable people to progress into higher skilled occupations. This should aim to create a dynamic labour market that provides opportunities for people at different levels and ultimately enhances productivity in the local economy.

[41] Annual Population Survey Oct 2005-Sept 2006. The confidence band for this is 19%, which means that the economic inactivity rate for non-white residents could be anywhere between 11%, which is very low and 49% which is very high.

3.5 Skills

Summary:

Brighton & Hove has a large highly qualified resident population and there is no strong evidence to suggest that there is an especially large number of residents who have low levels of skills.

The apparent lack of high level jobs in the city suggests that there will need to be a focus on skill development at all levels and the universities have a strong role to play both in producing high calibre graduates and in helping businesses to innovate and develop new products and services.

There are around 15,700 working age residents who have no qualifications, but this does not mean that they are all low skilled. The only age group where a significant proportion of working age residents has no qualifications is the 50-59/64 year old group. The value of lower level qualifications to this group needs to be considered carefully when planning and delivering services.

Brighton & Hove has a low proportion of residents who have qualifications below Level 2. This may mean that the overall demand for qualifications up to Level 2 for people already in the workplace may be more limited than elsewhere.

People of working age without qualifications are much less likely to be economically active than people who have qualifications – at any level. There are estimated to be around 11,600 inactive working age people who have low skills (below Level 2), a third of whom are aged over 50 years.

Brighton & Hove is reported to have a high number of young people (641) who are not in Education, Employment or Training (NEET), but it is unclear from the headline data how many of these are at risk of labour market disadvantage and how many are in 'transition'.

Census 2001 and Indices of Multiple Deprivation (2004) data suggests that skills levels are lower in particular parts of the city. However, whilst the proportions might be high, the smaller geographical units may mean that the number of low skilled residents in each area may be fairly low.

3.5.1 Qualification Profile

Brighton & Hove has one of the most highly qualified adult populations in the country, but local educational attainment amongst school leavers remains below average and there are still residents in the city who have low level skills. This makes it difficult for them to compete in the labour market.

The qualification structure of the local population has not clearly transferred into a high value added economy. This suggests that it may not be skills alone that drive up productivity. Instead, there is anecdotal evidence that higher qualified local residents are often recruited to undertake intermediate and entry level roles. This can lead to under-employment in the workplace, inflates the 'expected' level of qualifications of new entrants and makes it difficult for those people with low level skills to gain a foothold in the local labour market.

Skills issues need to be addressed at all levels. People with higher level skills need more Level 4 opportunities to enable those with lower level qualifications to enter Level 2 and Level 3 occupations more readily, whilst those outside the labour market need to develop both job specific occupations and generic employability skills in order to compete more effectively for entry level jobs.

Brighton & Hove has 32,000 students at two universities and this produces a steady supply of more highly qualified residents and provides the opportunity to develop skills and to transfer knowledge between the university and local businesses, in order to develop new knowledge based businesses that should provide higher valued added jobs to the local economy in the future.

Figure 3.12 shows the proportion of the city's working age population with qualifications at different levels and compares this with the average for the South East and Britain.

Figure 3.12: Qualification levels

	Brighton & Hove		South East	Britain
	Number	%	%	%
NVQ4+ - working age	64,500	38	31	27
NVQ3+ - working age	97,100	58	49	45
NVQ2+ - working age	118,800	71	68	64
NVQ1+ - working age	138,700	83	83	78
% with other qualifications - working age	13,600	8	8	9
% with no qualifications -working age	15,700	9	10	14

Source: Annual Population Survey 2006 (ONS).

Nearly four out of ten (38%) city residents have a Level 4+ (degree or equivalent) qualification. This is a much higher proportion than across the South East (31%) and Britain as a whole (27%). Nearly three fifths (58%) of Brighton & Hove's working age population have a Level 3 qualification or higher and 71% have a Level 2 or higher.

• 3.5.2 Low Level Qualifications

There are 15,700 people of working age in the city who have no qualifications, but the data suggests that Brighton & Hove does not have an especially divided population in terms of its qualification profile.

The proportion of residents with no qualifications (9%) in the city is much lower than in Britain (14%) and similar to that in the South East (10%).

Whilst this is based on residence based data, it suggests there may be limited demand for training up to Level 2 amongst the city's workforce, compared with many other places in Britain. Initiatives may need to have a greater focus towards higher level learning opportunities.

Further analysis of the qualification profile of the city's residents shows that nearly half (49%) of the prime working age population (25-49 year olds) holds a Level 4 or above qualification. This is much higher than the average for the South East (36%) and for Britain (33%). Just 6% of prime working age residents have no qualifications, compared with 7% in the South East and 12% in Britain.

The only age group where there is a significant proportion of residents with no qualifications is the 50-59/64 years age group (21%), compared with 15% in the South East and 22% in Britain.

It is questionable whether investment in lower level qualifications by older working age residents will yield significant labour market returns, particularly if they have significant work experience that offsets the need to acquire lower level qualifications.

• 3.5.3 Economic Activity by Qualification Levels

Despite this, it is important to note that people of working age without qualifications are much less likely to be economically active than people who have qualifications – at any level.

Figure 3.13[42] Economic activity by qualification levels

	Brighton & Hove		South East	Britain
	Number	%	%	%
Level 4+	57,700	89.5	89.4	89.2
Level 3+	82,400	84.9	82.3	86.0
Level 2+	97,400	82.0	79.2	84.1
Level 1+	112,800	81.3	79.7	82.9
No Qualifications	8,600	54.8	60.9	54.3

Source: Annual Population Survey (2006) ONS.

Only just over a half (54.8%) of working age residents in the city with no qualifications are economically active. Working age residents without qualifications in Brighton & Hove are less likely to be economically active than residents in the South East Region (60.9%), but are equally likely as in Britain (54.3%) as a whole.

Based on the current working age population in the city, some improvement in the economic activity rate could be achieved by increasing the employability of those with no qualifications. However, the actual numbers who have no qualifications and who are economically inactive and who would like work are relatively small.

Given the projected increase in the working age population, the focus on employment and skills should consider ensuring that the adult population can secure suitable employment at **all skills levels**, not just at the lower end of the labour market.

The proportion of residents who may be most at risk of labour market exclusion represents around 7% of the total working age population. This group hold either no qualifications or qualifications at Level 1 only and are economically inactive.

Figure 3.14 Lower skilled inactive residents

	Total	Inactive	Inactive Rate
Low Skilled - Working Age	35,600	11,600	32.6
Low SKilled - 16-24	6,500	3,100	47.7
Low Skilled - 25-49	17,500	4,600	26.3
Low Skilled - 50-Retirement Age	11,500	3,800	33.0

Source: Annual Population Survey (2006).

There are 11,600 residents in the city who have either no qualifications or qualifications at Level 1 only and who are economically inactive. Of these, 3,100 are aged 16-24 years, 4,600 are aged 25-49 years and 3,800 are aged 50-retirement. Whilst inactive rates amongst 16-24 year olds with low qualifications appear to be high, it is likely that a proportion of these continue to be in full-time education.

Focusing activities to support particular low skilled groups should take into account the age distribution of labour market disadvantage, as well as other factors that may create barriers to employment for different groups.

• 3.5.4 Young People Not in Education, Employment or Training (NEETs)

Young people Not in Education, Employment or Training have become a particular concern within the city. Nationally, the proportion of 16-18 year olds who are NEET has "remained broadly the same over the past decade"[42]. Work is currently underway to develop a national strategy for reducing the NEET population by 2% between 2004 and 2010.

In Brighton & Hove there were an average of 641 NEETs in the Nov 2006-Jan 2007 quarter. There was virtually no change from the previous year (647) and an increase of 96 from 2004. The official NEET rate[43] for Brighton & Hove increased from 8.9% in 2004 to 10.7% in 2005 and 10.9% in 2006. This rate is similar to South Yorkshire, Hartlepool, Tower Hamlets, Greater Merseyside, Rotherham, Wolverhampton, Tees Valley, Newham and Birmingham and Solihull, but much higher than neighbouring East Sussex (8.0%) and West Sussex (4.5%).

The areas with the lowest levels of NEETs tend to be those with relatively strong economies and high employment rates generally. These include: Rutland, Buckinghamshire, Kingston-upon-Thames, Windsor and Maidenhead, Bath and North East Somerset, West Sussex, Hertfordshire and Gloucestershire. Areas with particularly high levels of NEETs tend to be those with weaker economies and higher levels of worklessness generally. These include Stoke-on-Trent, Middlesborough, Kingston-upon-Hull, Knowsley, Sunderland and Liverpool.

The 9.7% NEET rate is 1.5 times the city's unemployment rate. This is around the average for all Connexions Partnership areas in the country (1.4). Furthermore, it is not clear from the NEET data whether there is a level of 'transitional' NEET for different types of areas, how long young people are NEET for and what the patterns of flows in and out of NEET status are. NEETs cannot be considered without reference to the wider economy and there may need to be a better understanding of the relationship between unemployment levels, job creation and NEETs.

The current target is to reduce the NEET rate to 6.7% by 2010. Assuming there is no increase in the 16-18 year old cohort over the period, this would mean finding an education, training and/or employment place for around 150 additional young people over the next three years (approximately 50 per year).

Reducing the NEET population may be achieved as much by ensuring that there are sufficient, suitable employment opportunities in the wider economy as by providing pre-entry skills support to those trying to enter the labour market.

In Brighton & Hove, many young people are likely to find it difficult to enter the labour market without strong interpersonal skills, given that they are competing with a very highly qualified resident population in a strongly service based and fluid labour market. Public sector agencies could provide a strong role in providing first rung opportunities to NEETs to enable them to gain work place experience before they compete in the wider labour market.

42 The percentages have been worked out from the Annual Population Survey, with 50% of Trade Apprenticeships being allocated as Level 3 qualifications and 50% being allocated as Level 1 qualifications, in line with APS assumptions. Those with 'other qualifications' have been excluded from the analysis.

43 The NEET figure is calculated using a formula that combines both known NEETs and a proportion those whose status is unknown.

• 3.6 Socio-Economic Conclusions

Working Age Population Growth

Changes in the structure of the resident population have had an impact on the city's labour market. The number of working age residents has increased substantially, resulting in more people in work, but little change in the overall employment rate. The growth in the number of working age residents has increased the qualification levels of local residents, increasing competition for entry and intermediate level jobs. The influx of migrant workers may have added to the competition for jobs in the city in recent years.

Based on current trend-based population projections, the single most important employment and skills issue facing Brighton & Hove over the next ten years could be the increase in the working age population.

The city may have an additional 12,000 working age residents by 2017. These people will need to have jobs, as well as homes. If these projections prove accurate, the city may need to find work for an additional 8,000 more residents over the next ten years just to keep the employment rate at the same level (75.6%) and up to 16,000 to meet the national aspiration of an 80% employment rate over the next ten years.

This means ensuring:

- *That the city's employment land is effectively used to maximise appropriate job opportunities;*
- *That the proposed developments within the city are brought forward and that employment opportunities within these are planned for in advance;*
- *That many of the new jobs that are developed within or attracted to the city are high value added.*

It is difficult to see how the employment rate in the city can be increased without creating more jobs, given the projected increase in the working age population.

Public agencies in the city should recognise that such levels of job creation may not be possible solely within the city's boundaries. Land constraints alone mean that some of the job creation for Brighton & Hove's residents will need to be planned for in conjunction with partners in neighbouring authorities.

High Skills and Low Productivity

The city's economy suggests that:

- *A highly qualified population on its own may be insufficient to guarantee a strong, high value added economy;*
- *A high proportion of employment in higher level occupations does not necessarily produce high average earnings or higher GVA per head; and*
- *Heavy investment in social programmes may not always readily translate into significant reductions in the number of working age people claiming welfare benefits.*

In short, the city has a highly qualified, young working age population, but still may not have the right range of jobs to make best use of its resident population. A focus on job creation at the higher end of the labour market should help to improve productivity levels by helping to ensure that the city's highly qualified working age population is not employed in lower level occupations, which may be better filled by new entrants to the labour market.

Developing Skills at All Levels

Although Brighton & Hove has a well qualified resident population, there is a need to develop the skills of people who are already in work. This should help to improve productivity levels and to develop career pathways to enable effective progression through the labour market. Skill development, including developing management and leadership skills, should reflect business needs and be linked to the jobs that are expected to be created through the proposed major developments in the city.

Whilst there may be fewer residents with no qualifications than the average in the South East and across England as a whole, there are still around 11,600 working age residents in the city who do not have qualifications at Level 2 and who are economically inactive.

People with low level skills who are currently outside the labour market are likely to continue to face stiff competition for jobs in the city from its mainly highly-qualified residents. If job opportunities are going to be accessible to these people, they will continue to need to be provided with targeted, sustained and personalised support to develop their confidence and skills.

The proportion of young people who are NEET has remained stubbornly around 10% over the past three years. Further work will need to be undertaken to reduce the proportion of young people who are NEET to 6.7% over the next three years.

Tackling Labour Market Disadvantage

The goal of the Brighton & Hove Local Area Agreement (LAA) is to reduce inequality. The CESP also includes priorities and actions to improve the skills of local residents and to support people into sustainable and secure employment. However, analysis of headline indicators suggests that investment in these activities may have produced only limited results in recent years.

There appears to have been little relative labour market improvement in areas that have high levels of working age adults on welfare benefits and little change in the number of NEETs in the city. This is despite a significant increase in both the number of residents in the city who are in work and an increase in the number of employees in employment.

There are still just under 25,000 working age residents who are claiming welfare benefits. Whilst there has been a fall in the number of JSA claimants and lone parents claiming welfare benefits, there has been an increase in the number of residents claiming Incapacity Benefits over the past seven years.

Social interventions that are designed to improve the employability of people with labour market disadvantages eventually need to make an impact on headline indicators, such as the employment rate and the number of working age welfare benefit claimants. If this does not occur, the impact of such interventions may need to be assessed in terms of their role preventing disadvantage gaps becoming wider, rather than their impact on narrowing the disadvantage gap.

It may be useful to target support specifically at the 25,000 working age welfare benefit claimants and to identify many of the other groups that are considered to suffer labour market disadvantage as a subset of this common denominator group.

Developing the Infrastructure

Whilst data gaps exist, analysis of Office for National Statistics datasets suggests that Brighton & Hove may not have an especially high proportion of low skilled residents, that its skills profile may not be especially bifurcated, that it is not especially reliant on micro-businesses and that there may not be an especially large number of residents who both suffer significant labour market exclusion and who can and wish to be supported back into employment.

The challenge for Brighton & Hove may not be primarily coping with an ageing workforce or tackling low skills. It may be much more to do with providing new jobs for an expanding working age population and providing appropriate opportunities for its highly qualified, but often under-employed, residents. This could broaden the economic base, improve average earnings and free up lower level employment opportunities to enable those with lower skills to gain a foothold in the local labour market. First rung opportunities can currently be difficult for those with low skills to access.

The City Employment and Skills Plan presents public sector agencies and their voluntary and community sector partners with a strategic role in the city to lead by example. As well as developing the mechanisms to develop joined up approaches to tackling employment and skills issues across the city, these agencies can develop their work experience, training and employment programmes for working age welfare benefit claimants and NEETs. This will enable those most at risk of labour market disadvantage to develop the skills to subsequently compete effectively in the open labour market.

4.0 Implementation, Monitoring and Evaluation

The City Employment and Skills Plan has been developed under the guidance of the City Employment and Skills Steering Group (CESSG), supported by the City Employment and Skills Plan Working Group and the City Employment and Skills Co-ordinator.

The CESSG currently meets on a six-weekly basis and will be responsible for the monitoring and implementation of the CESP. It is chaired by Scott Marshall, Interim Director of Culture at Brighton & Hove City Council and has the following representatives:

- *Four representative from the Learning and Skills Council, Sussex;*
- *Two representatives from the Economic Development and Enterprise Board*
- *Two representatives from Jobcentre Plus*
- *One representative from City College, Brighton & Hove*
- *One representative from the Business Community Partnership*
- *One representative from the Voluntary and Community sector*

The CESSG aims to:

- *Provide a cohesive and co-ordinated group of representatives from across Brighton & Hove City Council and other relevant organisations to include the Learning & Skills Council, the Primary Care Trust and Jobcentre Plus among others.*
- *Contribute to the future development of the Local Area Agreement, and agree measurable targets against which the CESP can be delivered.*
- *Work collaboratively with each other to identify and agree the priority actions for the focus of CESP activity; identify funding opportunities and the commissioning process for delivery of the plan.*
- *Actively work to ensure that the CESP is fully adopted by Brighton & Hove City Council and other member organisations in line with the approval of the LAA.*
- *Report the actions of the CESP to the LSP via the Economic Development & Enterprise Board (EDEB) and the*
- *CYPT Board.*

The flowchart in Annex 5 shows the reporting lines into the CESSG as they have operated since the City Employment and Skills Plan (CESP) has started to develop.

In monitoring and reviewing the plan, it is recognised that achievements should be recognised in terms of outcomes, not merely actions achieved. Qualitative outcomes will, therefore, be considered alongside statistical evidence. The CESSG will review actions and objectives, so that they continue to best reflect the strategic priorities for the city.

Priority 4 of the CESP outlines a number of key activities for the CESSG to develop, so that the infrastructure is in place to ensure that it is effectively implemented. These include:

- *Reviewing the membership, terms of reference and reporting arrangements for the CESSG to ensure that it is fit for purpose;*
- *Aligning the annual planning cycles of participating organisations to improve co-ordination of activities and funding;*
- *Improving data sharing and enhancing understanding of data, including identifying and (where possible) addressing data gaps and intelligence;*
- *Conducting an on-going review of the contribution that participating organisations have as employers in providing work experience, job placement, training opportunities and employment opportunities for working age welfare benefit claimants.*

The CESSG will provide regular six-monthly reviews of activities that have been undertaken to improve employment and skills in the city throughout the life of the plan. This will enable actions to be reviewed and adapted so that they are appropriate to delivery against the strategic employment and skills priorities in the city.

The CESSG will develop an evaluation plan, which will aim to provide a robust assessment of the impact of the CESP and the operation of the CESSG over the three year period.

Annexes

Annex 1: City Employment and Skills Action Plan

Strategic Priority 1: Support the Creation, Retention and Development of Local Business and Enterprise

Key Issues

- The working age population is projected to increase by 12,000 over the next ten years. This means that the city needs to move more than 8,000 more people into work just to maintain the current 75.6% employment rate. If the 80% employment rate target is to be achieved, this could require moving more than 16,000 additional people into work.
- The city's economy is still too reliant on employment in low value added sectors. This means that GVA per head and average earnings remain below the national and regional averages, despite the high skills levels of the city's working age residents.
- To change this, the city needs to continue to broaden its economic base by developing and attracting higher value added businesses that can both generate wealth and create employment.
- The city has two universities that not only produce a healthy supply of highly qualified labour to the city, but which also provide the opportunity to transfer knowledge to local businesses and to support innovation and development in emerging sectors, such as environmental technology.
- Despite an increase in the stock of VAT registered businesses over the past ten years, business density remains below that of the South East Region. Whilst levels of self-employment might be high, this may not always be in high value added wealth creating sectors;
- Restricted employment land space and the poor quality of commercial floorspace remain issues and protecting existing employment land space from competing uses is likely to be necessary if job growth targets are to be achieved.
- The city's major developments provide an opportunity for the city to attract significant inward investment to create high value added jobs that can diversify the city's economy. It will be important for agencies to plan effectively around these developments so that local residents can take advantage of the new jobs that these developments create.
- The limited space means that office accommodation needs to be used wisely to maximise employment and there needs to be sufficient move-on accommodation to enable businesses to expand to take on more employees.
- The number of new jobs that are required means that the city will need to work effectively with neighbouring districts to investigate further opportunities for employment development and to bring forward sites outside the city boundaries that will generate further job opportunities.

Strategic Objective 1a:

Ensure that that there is sufficient and appropriate employment space to support the creation of new jobs

Strategic Indicators:

- Reduce the proportion of empty commercial floorspace[44]

Actions:

- ***1a (i)*** *Map the profile of the city's available employment workspace.*
- ***1a (ii)*** *Protect existing viable employment sites.*
- ***1a (iii)*** *Attract inward investment to secure the development of key economic regeneration projects.*
- ***1a (iv)*** *Ensure that residents in deprived areas of the city benefit from the employment opportunities that are generated by new developments.*
- ***1a (v)*** *Identify and bring forward business start up premises and move on accommodation in the city.*
- ***1a (vi)*** *Work with neighbouring authorities to identify joint approaches to support job creation and business development.*
- ***1a (vii)*** *Develop a fully accessible Dance Centre and Creative Workspace.*

[44] The CESSG are in the process of developing specific figures for performance indicators that do not presently have figures attached to them.

Strategic Objective 1b:

Increase the level of entrepreneurship and business performance

Strategic Indicators:

- Increase the stock of vat registered businesses in the city by 2010/11
- Increase average weekly earnings for full-time workers from 90% of the national average

Actions:

- ***1b (i)*** *Promote the development of social enterprise.*
- ***1b (ii)*** *Support activities that promote enterprise in education and encourage entrepreneurial activity amongst students.*
- ***1b (iii)*** *Develop initiatives that encourage links between the universities and local businesses to support research and innovation.*
- ***1b (iv)*** *Encourage and facilitate local business support networks for women such as Women in Media, SWAN, Prowess etc.*
- ***1b (v)*** *Encourage the creation of new employment opportunities in disadvantaged areas.*
- ***1b (vi)*** *Improve business performance for the area's fastest growing companies.*
- ***1b (vii)*** *Support initiatives that provide targeted business support assistance to key sectors including the creative & digital industries, financial services, tourism, retail, hospitality and construction sectors.*
- ***1b (viii)*** *Improve the co-ordination of existing business support in line with the Business Support Simplification Programme.*
- ***1b (xii)*** *Provide enterprise loans and business support to financially excluded individuals and established businesses.*
- ***1b (ix)*** *Increase the capacity of business organisations to contribute to the economic development of the city through effective city centre management and Business Improvement Districts (BiDs).*

Strategic Priority 2: Increase the Employment Rate from 75.6% to 76.6%

Key Issues

- The employment rate in the city is 75.6% and remains below the regional average. Despite a significant increase the number of both employees in employment and local residents in work, there has been virtually no increase the city's employment rate over the past decade. The rise of employment has not been reflected in a similar fall in worklessness.
- The main reason for this is that the city has seen a substantial increase in its working age population, which has meant that there has also had to be a sharp increase in employment just to stand still.
- Latest trend based population projections suggest that this may continue. The working age population is projected to grow by 12,000 over the next ten years, which means that more than 8,000 more people may need to find work for the employment rate to remain the same. If the 80% employment rate target is to be achieved, then more than 16,000 more people may need to be found jobs over the next decade. Even if the working age population grows at half this rate, this will still mean that a substantial number of residents will need to be found jobs.
- There has been a modest fall in worklessness since 1997. This has mainly been due to a fall in the number of unemployed residents, rather than a fall in economic inactivity. Analysis for the CESP suggests that there are just under 20,000 people of working age who are involuntarily workless and that there are slightly more claiming working age welfare benefits.
- This latter group are likely to be amongst the most vulnerable to labour market exclusion. They include people claiming Jobseekers Allowance, lone parents, people claiming Incapacity Benefits, carers and people with disabilities. Whilst there has been some success in reducing the number of JSA claimants and lone parents claiming benefits, there has been an increase in the number of Incapacity Benefit claimants. JSA claimants now account for only one in five people claiming working age welfare benefits. More than half are claiming Incapacity Benefit.
- The lack of progress in tackling worklessness suggests that there may need to be a variety of approaches that encompass both social equity and economic efficiency.
- There is little evidence that interventions to support people in the most deprived parts of the city appear to have had much of an impact on headline labour market indicators. Those areas that had the highest proportion of the city's working age welfare claimants in 2000 had an even higher share seven years later.

Strategic Objective 2a:

Increase the number of jobs in the city that can be accessed by priority groups

Strategic Indicators:

- Increase the number of jobs in the city by 2010/11(Annual Business Inquiry)
- Increase the number of residents in work in the city by 2010/11 (Annual Population Survey)

  - ***2a (i)*** *Work with large local employers to maintain and consolidate their presence in the city.*
  - ***2a (ii)*** *Ensure that there is sufficient accessible, affordable childcare for the needs of the workforce e.g. via Children's Centres and independent providers.*
  - ***2a (iii)*** *Promote mixed use developments in appropriate sites to create economically active neighbourhoods where people live and work in the same area.*
  - ***2a (iv)*** *Use the construction phase of the major projects to develop local skills and business.*
  - ***2a (v)*** *Develop apprenticeships that are relevant to the skills needs in key sectors of the economy.*
  - ***2a (vi)*** *Develop training and employment agreements with employers.*
  - ***2a (vii)*** *Work with employers to sustain and improve models of employer engagement.*

Strategic Objective 2b:

Increase the number of people with labour market disadvantage accessing and remaining in sustainable employment

Strategic Indicators

- Reduce the number of working age welfare benefit claimants from 25,000 to 23,300
- Reduce the number of working age Incapacity Benefit claimants from 12,770 to 11,890
- Reduce the number of working age lone parents claiming welfare benefits from 3,575 to 3,330
- Reduce the number of working age carers claiming welfare benefits from 1,225 to 1,140
- Reduce the number of working age Jobseekers Allowance claimants from 5,025 to 4,680
- CESP partner agencies to provide work experience placements to inactive people from disadvantage groups

  - ***2b (i)*** *Provide targeted outreach services to help disadvantaged people, (including substance abusers, ex-offenders, people with learning difficulties, people with disabilities, refugees and asylum seekers, lone parents and people with mental health problems) back into employment and training.*
  - ***2b (ii)*** *Provide working age welfare benefit claimants, including those on Jobseekers Allowance, carers, lone parents and residents on Incapacity Benefit with the skills they need to access employment.*
  - ***2b (iii)*** *Support employers to help them recruit effectively, to train their workforce, and to retain employees.*
  - ***2b (iv)*** *Support inactive people over the age of 50 years to improve their employability.*
  - ***2b (v)*** *Provide social mentoring programmes for workless adults.*
  - ***2b (vii)*** *Provide work placements to people with low skills, particularly within public agencies responsible for promoting employment and skills in the city.*
  - ***2b (viii)*** *Encourage volunteering as a route to gaining skills and gaining confidence.*
  - ***2b (ix)*** *Provide supported employment programmes for people with disabilities.*
  - ***2b (x)*** *Provide job search support for inactive residents, tailored to the needs of different groups, including ex-offenders, people with disabilities, lone parents and people from different ethnic groups.*
  - ***2b (xi)*** *Provide a fast track housing benefit service to ease financial hardship when people are making the transition to work.*

- ***2b (xii)*** *Provide an Entry to Employment programme for young people who are not in education, employment or training.*
- ***2b (xiii)*** *Provide advice and support for people wishing to enter self-employment.*
- ***2b (xiv)*** *Provide advice and support to benefit claimants who are looking for work through the Pathways to Work programme.*
- ***2b (xv)*** *Provide information advice and support for young people through Connexions, the Area Prospectus and Individual Learning Plans.*

Strategic Objective 2c:

Develop partnerships with employers to promote diversity in the workplace and to respond to their recruitment and retention needs

Strategic Indicators

- Increase the number of local employers working with Jobcentre Plus
- CESP partners to recruit 170 people on working age welfare benefits into employment or training within their organisations

Actions

- ***2c (i)*** *Support businesses to employ inactive welfare benefit claimants.*
- ***2c (ii)*** *Develop a best practice case study guide for employers to encourage them to take on disadvantaged inactive residents.*
- ***2c (iii)*** *Improve communications with employers based on existing structures of engagement.*
- ***2c (iv)*** *Work with employers to promote the benefits of recruiting older workers.*
- ***2c (v)*** *Provide advice and training to businesses on the recruitment and retention of people with disabilities.*
- ***2c (vi)*** *Encourage employers to adopt flexible working practices as a means of diversifying their workforce.*
- ***2c (vii)*** *Engage businesses in education/business partnership activities.*
- ***2c (viii)*** *Build on existing initiatives, such as Train to Gain and Union Learning Representatives to support diversity in the workplace and to broaden employers' recruitment pool.*
- ***2c (ix)*** *Encourage businesses to participate in Skills Festivals and recruitment and jobs fairs.*
- ***2c (x)*** *Work with employers to help them develop employment opportunities for young people Not in Education, Employment or Training.*

Strategic Priority 3: Develop and Improve Skills for Work

Key Issues

- Brighton & Hove already has a highly skilled resident population. Nearly four out of ten (38%) working age residents have a Level 4+ qualification and only 9% have no qualifications at all.
- The low value added nature of the city's economy suggests that the skills in the city may not be being effectively utilised, resulting in higher skilled residents performing intermediate and lower level jobs. This may have the effect of increasing the skills expectations for entry level jobs and makes it difficult for people with lower skills to find sustainable employment.
- There are just under 650 16-18 year olds Not in Education, Employment or training (NEET). This figure has remained stubbornly high over the past two years. The service sector and flexible nature of the city's economy may mean that some young people who may not have developed sophisticated interpersonal skills may find it difficult to access entry level employment opportunities where customer service skills are often demanded.
- Government support for training in the workplace is directed mainly at supporting learning up to Level 2. However, Brighton & Hove has a low proportion of working age residents who are not qualified to this level, so demand may be limited.
- Job growth over the past ten years has been disproportionately in higher level (Management, Professional and Associate Professional) occupations, which often require people to hold degree or equivalent level qualifications and this is expected to continue. The lack of growth in Level 3 occupations may have contributed towards an hour glass economy, in which people in lower skilled occupations find it difficult to progress into higher level occupations.
- The city has £2 bn of major developments in the pipeline, which should not only increase the demand for people with construction skills, but also increase skills demands for a range of employment opportunities subsequently.
- If the Brighton & Hove economy is to diversify, it will need to create higher value added jobs so that the city's increasingly well qualified working age population can be deployed to its full potential.
- The development of management and leadership skills will help to increase the number of outward-looking businesses that have external markets.
- People with no qualifications are much more likely to be economically inactive than people who have qualifications, but many of these people are aged over 50 years and there needs to be some consideration given to the likely labour market return on investment in lower level qualifications to older residents.
- The public sector has an important role to play as an employer in developing the skills of local residents by offering Apprenticeships and work experience opportunities.

Strategic Objective 3a:

Improve the Skills and Employability of Young People

Strategic Indicators

- Increase the proportion of 19 year olds achieving full Level 2 qualifications by 2% each year
- Increase the proportion of young people who achieve Level 3 qualifications
- Increase the overall percentage of apprenticeship completions to 65% (60% in 2007-08)
- Increase participation rates into apprenticeships by 4.5% each year
- Reduce the Not in Employment, Education or Training (NEET) rate from 9.8% in June 2007 to 6.7% in 2010
  - ***3a (i)*** *Increase participation to Entry to Employment programmes and strengthen progression routes.*
  - ***3a (ii)*** *Increase the number of young people participating in apprenticeships.*
  - ***3a(iii)*** *Increase the volume of learning for young people at below Level 2.*
  - ***3a (iv)*** *Develop the 14-19 entitlement.*
  - ***3a (v)*** *Develop skills centres in the city.*
  - ***3a (vi)*** *Raise GCSE attainment in maintained schools.*
  - ***3a (vii)*** *Build pathways to apprenticeships that are available to learners pre-16.*
  - ***3a (viii)*** *Strengthen progression opportunities from Level 3 and 4 and onto Higher Education.*
  - ***3a (ix)*** *Develop progression routes that exist through Apprenticeships into employment and foundation degrees.*
  - ***3a (x)*** *Improve access to additional vocational skills provision for young people in the East and the West of the city.*
  - ***3a (xi)*** *Support programmes that develop the employability skills for young people at risk of becoming NEET.*
  - ***3a (xii)*** *Support Education/Business Links activities.*
  - ***3a (xiii)*** *Provide advice and support to young people through Connexions, the Area Prospectus and Individual Learning Plans.*
  - ***3a (xiv)*** *Develop a new apprenticeship concordat in the city to relate the provision to the key employing sectors.*

Strategic Objective 3b:

Improve the Skills of the City's Workforce

Strategic Indicators

- Increase the proportion of working age adults with a Level 3 qualification from 53% to 58.0%
- Increase the proportion of working age adults with a Level 4 qualification from 38% to 41.0%
- Increase the proportion of working age workers who have received job-related training
- Decrease the proportion of employers who report that identify skills shortages as a major issue of concern

  - ***3b (i)*** *Provide employers with customised workplace training including leadership and management.*
  - ***3b(ii)*** *Pilot Skills Coaching.*
  - ***3b (iii)*** *Work with Sector Skills Councils to support existing sector forums.*
  - ***3b (iv)*** *Strengthen the links between employers and Centres of Vocational Excellence and improve the responsiveness of the Action for Business Colleges.*
  - ***3b (v)*** *Encourage larger employers to develop workplace learning plans.*
  - ***3b (vi)*** *Use the construction phase of major projects to develop workplace learning plans.*
  - ***3b (vii)*** *Increase training places in retail, hospitality, catering, care and construction.*
  - ***3b (viii)*** *Prepare planning guidance about securing training through planning obligations.*
  - ***3b (ix)*** *Develop the employability and job search skills of the city's graduates.*
  - ***3b (x)*** *Support the Skills Campaign, Train to Gain and other major skills development initiatives.*
  - ***3b (xi)*** *Work with the universities to develop higher level skills programmes that are relevant to the needs of the city's fast growing businesses.*

Strategic Objective 3c

Improve the Skills of Disadvantaged Adult Residents in the City

Strategic Indicators

- Reduce the proportion of residents with no qualifications from 9% to 8%[45]
- Increase the proportion of working age adults with a Level 2 qualification from 68.3% to 73.0%[46]

  - ***3c (i)*** *Provide learning opportunities for vulnerable adults, including ex offenders, adults with learning difficulties and mental health needs, ex-substance abusers and people for whom English is not their first language.*
  - ***3c (ii)*** *Increase adults' success rate at achieving Level 2.*
  - ***3c (iii)*** *Increase the proportion of learners from vulnerable groups engaged in Personal and Community Development Learning (PCDL).*
  - ***3c (iv)*** *Increase learning opportunities for offenders in custody and in the community.*
  - ***3c (v)*** *Increase the opportunities and support for those without basic skills and first Level 2 qualifications.*
  - ***3c (vi)*** *Strengthen community based learning initiatives through the voluntary and community sector to improve employability skills.*
  - ***3c (vii)*** *Develop more Skills for Life and ICT provision in deprived areas.*
  - ***3c (viii)*** *Provide Incapacity Benefit claimants with the skills and support required to access employment.*
  - ***3c (ix)*** *Provide pre-employment and vocational training and placement support to homeless residents.*
  - ***3c (x)*** *Provide outreach services, training courses and work placements for workless Black and Minority Ethnic residents, asylum seekers, people with disabilities and other disadvantaged groups.*
  - ***3c(xi)*** *Provide information, advice and guidance to eligible adults through the Next Steps programme.*

[45] Data Source: Annual Population Survey 2005.

[46] Ibid.

Strategic Priority 4: Develop the Infrastructure and Intelligence to Support the Delivery of the Actions in the CESP

Key Issues

- Partners need to work closely together to ensure that people from disadvantaged groups are able to access employment and training and so that there are enough quality jobs to meet the city's growing working age population. Partnership working, based on a common understanding of need should lead to better targeting of actions, more effective use of resources and enhanced outcomes and outputs from interventions.
- Actions need to be based on evidence of need, not assumed knowledge, so that they are appropriate, relevant and proportionate. This minimises waste and unnecessary spending, allows a more co-ordinated approach with less duplication and develops capacity amongst organisations that may see employment and skills from different perspectives.
- There are economic efficiency and social welfare approaches to employment and skills, neither of which can be seen in isolation. Too much of a focus on very localised supply-side interventions can result in a micro-approach to addressing what may be a macro-issue. Job creation initiatives that are not linked into local circumstances may result in little benefit for disadvantaged local people. These two approaches need to be brought together.
- Brighton & Hove has had considerable additional investment in social welfare programmes in recent years, much of which has been aimed at improving employability and skills of disadvantaged local residents. It is difficult, however, to demonstrate a significant impact of these programmes in purely numerical terms and it may be unrealistic to expect this.
- Jobcentre Plus, Brighton & Hove City Council, the Learning and Skills Council Sussex and Business Link (Sussex) are the main agencies that are responsible for supporting business development, promoting skills and increasing employment rates in the city, but they cannot do this alone. Voluntary and community sector organisations can have better access to residents who are outside the mainstream labour market, whilst businesses, local business forums and business representative can be better equipped to understand and respond to the needs of businesses than public sector agencies.
- This plan has been developed over the course of the past year by the City Employment and Skills Steering Group, with the support of the City Employment and Skills Plan (CESP) Working Group and a CESP Co-ordinator. It provides a first attempt to draw together the priorities, objectives and actions relating to employment and skills in the city into one document, based on a solid socio-economic assessment of need. Partner agencies will need to constantly refine the plan as it develops so that the actions within it are appropriate.

Strategic Objective 4a:

Develop and Sustain Effective Arrangements Between Partners

- ***4a (i)*** *Review terms of reference, membership and reporting arrangements of the City Employment and Skills Steering Group so that it reflects the strategic needs of the city from an economic and a social welfare perspective.*
- ***4a (ii)*** *Update the actions and review progress against the strategic indicators on an annual basis throughout the life time of the plan.*
- ***4a (iii)*** *Work together to access and harness funding from different sources to meet employment and skills needs in the city.*
- ***4a(iv)*** *Agree local flexibilities that will impact positively on local employment and skills issues, which can be negotiated with Government Office for the South East through the Local Area Agreement.*
- ***4a (v)*** *Align organisational plans with relevant policies, initiatives and partnerships to improve the co-ordination of activities.*
- ***4a (vi)*** *Develop joint publicity and promotional campaigns that support the promotion of employment and skills to individuals and businesses.*
- ***4a (vii)*** *Develop collaboration and sharing of good practice amongst partners involved in developing employment and skills.*

Strategic Objective 4b

Improve intelligence, data-sharing and a common understanding of city employment and skills needs

- ***4b (i)*** *Hold a series of employment and skills workshops with partners to explore the issues emerging from the CESP socio-economic assessment.*
- ***4b (ii)*** *Share information and intelligence on employment and skills related issues through a common data observatory in order to plan more effectively.*
- ***4b (iii)*** *Establish and maintain systems to gather and analyse information about employment and skills needs in the city.*
- ***4b (iv)*** *Develop appropriate measurement and benchmarking across provision using local as well as national data.*
- ***4b (v)*** *Develop a co-ordinated understanding of achievement rates and the levels of employment disadvantage.*
- ***4b (vi)*** *Review the impact that partner organisations have as employers in improving employment and skills amongst disadvantaged residents.*

Annex 2: Agencies Involved in Commissioning and Delivering Employment and Skills in Brighton & Hove

These include:

- *Jobcentre Plus*
- *Learning and Skills Council (Sussex)*
- *Brighton & Hove City Council*
- *Sussex Enterprise*
- *Brighton & Hove Voluntary and Community Sector Forum*
- *Brighton & Hove Learning Partnership*
- *Connexions*
- *Brighton & Hove Economic Partnership*
- *Brighton & Hove Education/Business Partnership*
- *Higher Education Institutions*
- *Further Education Institutions*
- *Private Training and Learning Providers*
- *Schools*
- *Sussex Learning Network*

Key strategies and plans consulted during the development of the CESP:

- *The 2020 Community Strategy*
- *The Brighton & Hove Economic Strategy*
- *The Brighton & Hove Learning Partnership Board 14-19 Action Plan*
- *The Brighton & Hove Economic Strategy*
- *The Learning and Skills Council, Sussex Annual Action Plan*
- *The Jobcentre Plus Annual Plan*
- *The Business Link, Sussex Annual Plan*
- *Brighton & Hove Local Area Agreement*

Annex 3: Acknowledgements and List of Consultees

Thanks go to all the people who contributed to the City Employment and Skills Plan during throughout its development. These have included:

- *The City Employment and Skills Group (CESSG)*
- *The City Employment and Skills Plan Working Group*

The following also contributed to the development of the CESP during the consultation phase of the project:

- **Chris Baker** *Sussex Learning Network*
- **Adam Bates** *Brighton & Hove City Council*
- **Mike Blythman** *Jobcentre Plus*
- **Paul Bramwell** *Working Together Project*
- **Kath Browne** *Count Me in Too*
- **Mike Burgess** *Jobcentre Plus*
- **Michelle Butler** *Community & Voluntary Sector Forum*
- **Teresa Cairns** *Whitehawk Inn Evaluator*
- **Elizabeth Cameron** *Brighton & Hove City Council*
- **Soozie Campbell** *Business forum*
- **Lynn Connolly** *Jobcentre Plus*
- **Simon Fanshawe** *Brighton & Hove Economic Partnership*
- **Linden Farrer** *Equal Brighton & Hove*
- **Trevor Freeman** *Federation of Small Businesses*
- **Roger French** *Local Strategic Partnership*
- **Mark Froud** *Sussex Enterprise*
- **Elizabeth Funge** *Learning and Skills Council, Sussex*
- **David Hawker** *Brighton & Hove City Council*
- **Barry Hulyer** *Trust for Developing Communities*
- **Sue John** *Brighton & Hove City Council*
- **Val Koffman** *Learning and Skills Council, Sussex*
- **Jo Lyons** *Brighton & Hove City Council*
- **Safia Mahmoud** *Brighton & Hove City Council*
- **Alison Marsh** SEEDA
- **Scott Marshall** *Brighton & Hove City Council*
- **Tony Mernagh** *Brighton & Hove Economic Partnership*
- **Claire Mitchell** *Equal Brighton & Hove - Engage*
- **Simon Newell** *Local Strategic Partnership*
- **Michael Nix** *Learning and Skills Council, Sussex*
- **Katie Ogden** *Brighton & Hove City Council*
- **Caron Patmore** *Brighton & Hove City Council*
- **Terry Roy** *Equal Brighton & Hove*
- **Dan Shelley** *Brighton & Hove City Council*
- **John Shuttle** *Brighton & Hove City Council*
- **David Smith** *Learning and Skills Council, Sussex*
- **Leonard Stall** *Institute of Directors, Sussex*
- **Paul Stoggles** *Learning and Skills Council, Sussex*
- **Mark Thirkell** *SEEDA*
- **Jane Zacharzewski** *Equal Brighton & Hove*
- **Equal Brighton & Hove Action 2 partners**
- **Equal Brighton & Hove Action 3 partners – University of Sussex, University of Brighton**

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Annex 4: Department for Culture, Media and Sports Cultural Industries' Definition

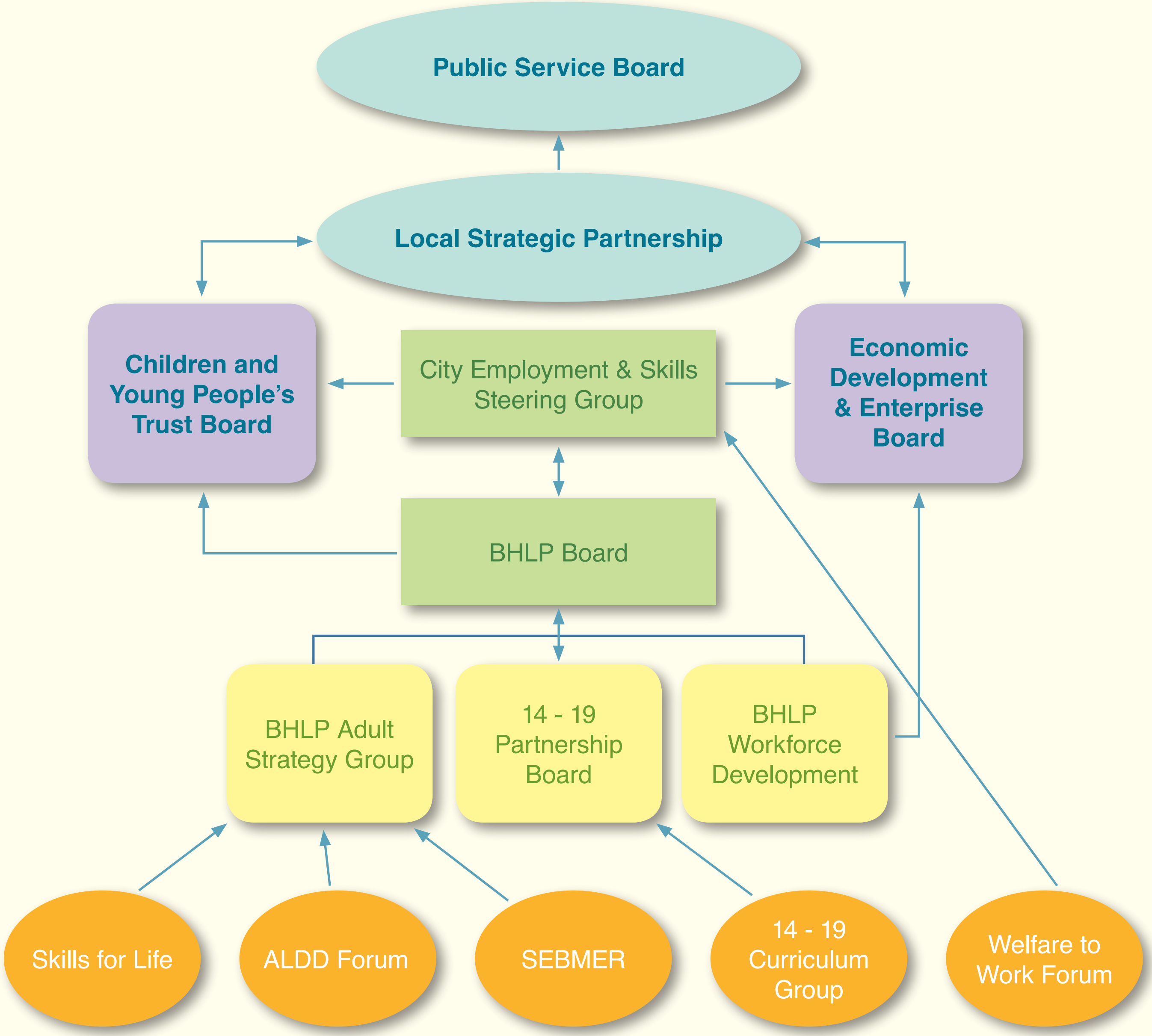
Industry	Brighton & Hove			
	Business Units		Employees	
	number	%	number	%
2211: Publishing of books	<100	0.8	<100	0.2
2212: Publishing of newspapers	*	0.1	*	2.1
2213: Publishing of journals & periodicals	<100	0.7	100	0.4
2214: Publishing of sound recordings	*	0.5	*	0.1
2215: Other publishing	<100	0.7	<100	0.1
2221: Printing of newspapers	*	0.0	*	0.0
2222: Printing of not elsewhere classified	<100	2.2	200	0.7
2223: Bookbinding	*	0.1	*	0.1
2224: Pre-press activities	*	0.2	*	0.1
2225: Ancilliary operations related to printing	<100	0.7	<100	0.2
2231: Reproduction of sound recording	*	0.4	*	0.1
2232: Reproduction of video recording	*	0.1	*	0.1
2233: Reproduction of computer media	*	0.1	*	0.0
2464: Manufacture of photographic chemical material	*	0.0	*	0.0
2465: Manufacture of prepared unrecorded media	*	0.1	*	0.0
3220: Manufacture of television and radio transmitters and apparatus for line telephony and line telegraphy	*	0.1	*	0.0
3640: Manufacture of sports goods	*	0.0	*	0.0
5143: Wholesale of electrical household appliances and radio and television goods	*	0.5	*	0.3
5245: Retail sale of electrical household appliances and radio and television goods	<100	1.8	600	2.4
5247: Retail sale of books, newspapers and stationery	<100	2.0	700	3.0
5250: Retail sale of second-hand goods in stores	<100	2.0	200	0.9
5510: Hotels	<100	2.6	2,000	8.4
5521: Youth hostels and mountain refuges	*	0.1	*	0.1
5522: Camping sites, including caravan sites	*	0.0	*	0.0
5523: Other provision of lodgings not elsewhere classified	<100	0.6	<100	0.3
5530: Restaurants	500	13.8	4,500	18.6
5540: Bars	300	8.1	3,200	13.3

Table continues overleaf

Continued from over

Industry	Brighton & Hove			
	Business Units		Employees	
	number	%	number	%
6220: Non-scheduled air transport	*	0.2	*	0.1
7140: Renting of personal and household goods not elsewhere classified	*	0.5	*	0.5
7221: Publishing of software	<100	0.6	<100	0.3
7222: Other software consultancy and supply	400	11.6	1,300	5.5
7440: Advertising	<100	2.0	800	3.1
7481: Photographic activities	<100	2.2	800	3.1
7487: Other business activities not elsewhere classified	700	20.0	2,600	10.8
9211: Motion picture and video production	<100	2.6	100	0.6
9212: Motion picture and video distribution	*	0.1	*	0.1
9213: Motion picture projection	*	0.1	*	0.6
9220: Radio and television activities	<100	1.7	200	1.0
9231: Artistic and literary creation and interpretation	300	9.2	800	3.3
9232: Operation of arts facilities	*	0.4	*	0.5
9233: Fair and amusement park activities	*	0.1	*	0.7
9234: Other entertainment activities not elsewhere classified	<100	1.1	<100	0.3
9240: News agency activities	*	0.4	<100	0.1
9251: Library and archive activities	*	0.5	100	0.6
9252: Museum activities and preservation of historical sites and buildings	*	0.2	<100	0.2
9253: Botanical and zoological gardens and nature reserve activities	*	0.1	<100	0.2
9261: Operation of sports arenas and stadiums	<100	0.6	700	2.8
9262: Other sporting activities	<100	1.5	600	2.5
9271: Gambling and betting activities	<100	2.0	800	3.4
9272: Other recreational activities not elsewhere classified	<100	0.9	200	0.9
9304: Physical well-being activities	*	0.2	*	0.1
321: Manufacture of electronic valves and tubes & other electronic components	*	0.1	*	0.2
323: Manufacture of televion and radio receivers, sound or video recording or reporducing apparatus and associated goods	*	0.2	*	0.6
363: Manufacture of musical instruments	*	0.0	*	0.0
633: Activities of travel agencies and tour operators; tourist assistance activities not elsewhere classified	100	2.8	2,100	8.6

Annex 5: CESP Flowchart



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